

## **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 (Listing Obligations & Disclosure Requirements), 2015 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 2017-2018.

### **BOARD OF DIRECTORS**

The Company's Board consists of Two Non-Executive Directors and One Executive Director as on **31/03/2018**. 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 2017-2018	No. of Directorships of other Indian companies as on 31 <sup>st</sup> March, 2018	Membership of mandatory Board Committees of other companies as on 31 <sup>st</sup> March, 2018		No. of Ordinary Shares held as on 31 <sup>st</sup> March, 2018
				Chairman	Member	
Navin Kumar Jain	Managing Director	4	2	None	None	None
Tapan Sodani	Independent Director	4	1	None	None	None
Barkha Agarwal	Independent Director	4	2	None	None	None

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

During the financial year 2017-2018 under review, the Board of Directors met 4 times on the following dates: 29<sup>th</sup> May 2017, 12<sup>th</sup> August 2017, 13<sup>th</sup> November 2017 and 14<sup>th</sup> February 2018.

### **AUDIT COMMITTEE**

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

Name	Designation	Category
Mr. Tapan Sodani	Chairman	Non-Executive, Independent
Mrs. Barkha Agarwal	Member	Non-Executive, Independent
Mr. Navin Kumar Jain	Member	Executive, Managing Director

Four Audit Committee meetings were held during the year 2017-2018: 19<sup>th</sup> May 2017, 19<sup>th</sup> July 2017, 13<sup>th</sup> November 2017 and 14<sup>th</sup> February 2018. 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**

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, rules and regulations 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 and Key Managerial personnel of the Company, ensure 'fit and proper' status of the existing/proposed Directors and KMPs 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, Mrs. Barkha Agarwal - Independent & Non-Executive Director & Mr. Navin Kumar Jain-Executive Director, Mrs. Barkha Agarwal & Mr. Navin Kumar Jain act a Member whereas Mr. Tapan Sodani acts a Chairman of the Nomination and Remuneration Committee and 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:**

Two committee meetings were held during the year on 30<sup>th</sup> May 2017 and 25<sup>th</sup> August 2017. 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.

Below given is the Remuneration Policy of the Company:

### **REMUNERATION POLICY:**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The remuneration Policy is stated below:

Nomination & Remuneration Policy:

#### **1. Preamble**

- 1.1 The remuneration policy provides a framework for remuneration paid to the members of the Board of Directors (“Board”), Key Managerial Personnel (“KMP”) and the Senior Management Personnel (“SMP”) of the Company (collectively referred to as “Executives”). The expression “senior management” means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Executive Directors, including the functional heads.
- 1.2 In terms of Section 178 of the Companies Act, 2013 which has been made effective from 01<sup>st</sup> April, 2014 by the Central Government vide notification no. S.O. 902(E) issued on 26<sup>th</sup> March, 2014, this Remuneration Policy named as Authum Investment & Infrastructure Limited Remuneration Policy (“the Policy”) is being framed and formulated for laying down criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Executives.
- 1.3 The policy will be reviewed by the Nomination and Remuneration Committee of the Board of Directors, as and when required.

#### **2. Aims & Objectives**

- 2.1 The aims and objectives of this remuneration policy may be summarized as follows:
  - 2.1.1 The remuneration policy aims to enable the company to attract, retain and motivate highly qualified members for the Board and other executive level.
  - 2.1.2 The remuneration policy seeks to enable the company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations.
  - 2.1.3 The remuneration policy will ensure that the interests of Board members & senior executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the company and will be consistent with the “pay-for-performance” principle.
  - 2.1.4 The remuneration policy will ensure that remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

### 3. Principles of remuneration

- 3.1 **Support for Strategic Objectives:** Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Company's vision and strategy.
- 3.2 **Transparency:** The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- 3.3 **Internal equity:** The Company shall remunerate the board members, KMP and senior management in terms of their roles within the organization. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Company.
- 3.4 **External equity:** The Company strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore the Company will remain logically mindful of the ongoing need to attract and retain high quality people, and the influence of external remuneration pressures. Reference to external market norms will be made using appropriate market sources, including relevant and comparative survey data, as determined to have meaning to the Company's remuneration practices at that time.
- 3.5 **Flexibility:** Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other legislation.
- 1.6 **Performance-Driven Remuneration:** The Company shall entrench a culture of performance driven remuneration through the implementation of the Performance Incentive System.
- 1.6.1 **Affordability and Sustainability:** The Company shall ensure that remuneration is affordable on a sustainable basis.

### 4. Compensation Structure

- 4.1 **Remuneration to Non-Executive Directors:** The Non-executive Directors of the Company are paid remuneration by way of sitting fees for attending the meetings of the Board of Directors and its Committees. The said sitting fees paid to the Non-executive Directors for the Board Meetings and Committee meetings are fixed by the Board and reviewed from time to time in accordance with applicable law. The Non-executive Directors may be paid such remuneration as the Board may approve from time to time subject to limits prescribed from time to time in the Act or Rules made there under.
- 4.2 **Remuneration to Executive Directors, Key Managerial Personnel(s) (KMPs) & Senior Management Personnel(s) (SMPs):** The Company has a credible and transparent framework in determining and accounting for the remuneration of the Managing Director/ Whole Time Directors (MD/ WTDs), Key Managerial Personnel(s) (KMPs) and Senior Management Personnel(s) (SMPs). Their remuneration are governed by the external competitive environment, track record, potential, individual performance and performance of the company as well as industry standards.

### 5. Supplementary provisions

- 5.1 Any matters not provided for in this Policy shall be handled in accordance with relevant State laws and regulations and the Company's Articles of Association. If this Policy conflict with any laws or regulations subsequently promulgated by the state or with the Company's Articles of Association as amended pursuant to lawful procedure, the relevant state laws and regulations and the Company's

Articles of Association shall prevail, and this Policy shall be amended in a timely manner and submitted to the Board of Directors for review and adoption.

5.2 The right to interpret this Policy vests in the Board of Directors of the Company.

### **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, Mrs. Barkha Agarwal - Independent & Non-Executive Director & Mr. Navin Kumar Jain - Executive Director. Mrs. Barkha Agarwal & Mr. Navin Kumar Jain act as a Member whereas Mr. Tapan Sodani acts as a Chairman of the Stakeholders Relationship Committee. Company Secretary of the Company acts as the Secretary to the Stakeholders Grievance Committee and is assigned with the responsibilities of overseeing investor grievances.

During the year under review, the Committee met 4 (Four) times dated 11<sup>th</sup> April 2017, 07<sup>th</sup> July 2017, 13<sup>th</sup> November 2017 and 14<sup>th</sup> February, 2018.

### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Corporate Social Responsibility Committee (CSR Committee) is constituted in line with the provisions of Section 135 of the Companies Act, 2013 in order to formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act. The committee monitors the CSR Policy and recommends the amount of expenditure to be incurred on the activities mentioned in the CSR Policy. The Committee comprises of Mr. Tapan Sodani - Independent & Non-Executive Director, Mrs. Barkha Agarwal - Independent & Non-Executive Director & Mr. Navin Kumar Jain - Executive Director. Mrs. Barkha Agarwal & Mr. Tapan Sodani act as a Member whereas Mr. Navin Kumar Jain acts as a Chairman of the CSR Committee and Company Secretary of the Company acts as the Secretary to the CSR Committee.

During the year under review, the meeting of the committee was held on 14<sup>th</sup> February, 2018.

### **DETAILS OF GENERAL BODY MEETING**

1. Location and Time where last three AGMs were held

<b>Year</b>	<b>Location</b>	<b>Date</b>	<b>Time</b>
2016-2017	7, Mangoe Lane, 2 <sup>nd</sup> Floor, Room No. 212, Kolkata-700001	25.09.2017	11.30A.M.
2015-2016	7, Mangoe Lane, 2 <sup>nd</sup> Floor, Room No. 212, Kolkata-700001	30.09.2016	11.30A.M.
2014-2015	7, Mangoe Lane, 2 <sup>nd</sup> Floor, Room No. 212, Kolkata-700001	30.09.2015	11.30 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, PENALTY, STRICTURES IMPOSED ON THE COMPANY BY STOCK EXCHANGE OR SEBI OR ANY STATUTORY AUTHORITY, ON ANY MATTER RELATED TO CAPITAL MARKETS, DURING THE LAST THREE YEARS**

During the last 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 '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). 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 14<sup>th</sup> February, 2018 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.