

## **Corporate Governance Report for the year ended on 31<sup>st</sup> March 2017**

- **Company Philosophy:**

We continue to believe that good Corporate Governance is essential to achieve long-term corporate goals and to enhance stockholders value. Company is a listed company on the Mumbai Stock Exchange. The securities are not being traded at Stock Exchanges because of a legacy issue that exists from the time that the Company became a sick Company, was registered with the Hon'ble BIFR, and wherein because of the Company's sickness the Company was unable to pay the listing fees, and the Company's trading was suspended. The situation was on account of factors beyond the Company's control and the Company is working to resolve the matter with the BSE.

- **Board of Directors:**

Category	No. of directors
<b>Non-Executive &amp; Independent</b>	2
<b>Directors including the Chairman</b>	
<b>Other Non-Executive Directors</b>	1
<b>Executive Director</b>	2
<b>Total</b>	5

The Chairman of the Board is not an Independent Director

Other Relevant details of Directors:

Name of Director	Date of Appointment	Category	No. of Directorship(s) held in Indian public & private Limited Companies (Including Enchante Jewellery)	Committee(s) position (including Enchante Jewellery)	
				Member	Chairman
C.L. Mehra	30-04-2013	Executive Director	3	SRC,AC	RC
Pawan Mehra	11-08-2016	Executive Director	4	SRC,AC	-
Shanti Swarup Bhatia	10-04-2013	Independent Director	1	RC	SRC,AC
Lata Rani Mehra	31-03-2015	Non Executive Director	1	RC,AC	-

Kunal Sharma	11-08-2016	Independent Director	1	RC	-
Chand Mehra	30-04-2013 (resigned on 11-07-2016 )	Executive Director	2	RC	
Vinay Mehra	07-07-1995(resigned on 11-08-2016)	Executive Director	3	SRC,RC	

SRC :Stakeholders' Relationship Committee earlier called Share Transfer and Investor Grievance committee

AC :Audit Committee

RC :Remuneration Committee

Board Meetings held during the year

Dates on which the Board Meetings were held	Total Strength of the Board	No. of Directors Present
30th June 2016	5	4
11 <sup>th</sup> July 2016	4	4
11 <sup>th</sup> August 2016	5	5
5th September 2016	5	5
10 <sup>th</sup> November 2016	5	5
1 <sup>st</sup> February 2017	5	5

Name of Director	Attendance at the Board Meetings held on	Attendance at the
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Name of Director	Attendance at the Board Meetings held on						Attendance at the AGM held on 30 <sup>th</sup> September 2016
	30/06/2016	11/07/2016	11/08/2016	05/09/2016	10/11/2016	1/02/2017	
C.L. Mehra	Present	Present	Present	Present	Present	Present	Present
Chand Mehra	Absent	Present	Not applicable	Not applicable	Not applicable	Not applicable	Present
Vinay Mehra	Present	Present	Present	Not applicable	Not applicable	Not applicable	Present
Pawan Mehra	Not applicable	Not applicable	Present	Present	Present	Present	Present
Shanti Swarup Bhatia	Present	Present	Present	Present	Present	Present	Absent
Lata Rani Mehra	Present	Present	Present	Present	Present	Present	Present
Kunal Sharma	Not applicable	Not applicable	Present	Present	Present	Present	Present

- **COMMITTEES OF THE BOARD.**

**(a) Audit Committee (mandatory committee)**

The Audit Committee working under Chairmanship of Shri Shanti Swarup Bhatia with Mr Kunal Sharma, Mrs Lata Rani Mehra and Shri C.L. Mehra as co-members. Mr Kunal Sharma was appointed on the committee on 10<sup>th</sup> August 2016. During the year, the sub-committee met on four occasions with full attendance of all the members.

The composition of the Audit Committee as at March 31, 2017 and details of the Members participation at the Meetings of the Committee are as under:

Name of Director	Category	Attendance at the Board Meetings held on
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Name of Director	Category	Attendance at the Board Meetings held on					
		20/06/2016	10/08/2016	07/11/2016	31/01/2017		
C.L. Mehra	Executive	Present	Present	Present	Present		
Lata Rani Mehra	Non independent	Present	Present	Present	Present		
Shanti Swarup Bhatia	Independent	Present	Present	Present	Present		
Kunal Sharma	Independent	NA	Present	Present	Present		

The Committee is governed by a Charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and Clause 49 of the Listing Agreement. Some of the important functions performed by the Committee are:

#### Financial Reporting and Related Processes

- Oversight of the Company's financial reporting process and financial information submitted to the Stock Exchanges, regulatory authorities or the public.
- Reviewing with the Management the quarterly unaudited financial statements and the Auditors' Limited Review Report thereon/audited annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, inter alia, include reviewing changes in the accounting policies and reasons for the same, major accounting estimates based on exercise of judgement by the Management, significant adjustments made in the financial statements and / or recommendation, if any, made by the Statutory Auditors in this regard.
- Review the Management Discussion & Analysis of financial and operational performance.
- Discuss with the Statutory Auditors its judgement about the quality and appropriateness of the Company's accounting principles with reference to the Generally Accepted Accounting Principles in India (IGAAP).
- Review the investments made by the Company.

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, the Audit Committee held a separate meeting with the Statutory Auditors and the Chief Internal Auditor to get their inputs on significant matters relating to their areas of audit.

**(b) Remuneration Committee**

In compliance with Section 178 of the Companies Act, 2013, the Board has renamed the existing “Compensation Committee” as the “Nomination and Remuneration Committee”.

The terms of reference of the Committee inter alia, include the following:

- Succession planning of the Board of Directors and Senior Management Employees;
- Identifying and selection of candidates for appointment as Directors / Independent Directors based on certain laid down criteria;
- Identifying potential individuals for appointment as Key Managerial Personnel and to other Senior Management positions;
- Formulate and review from time to time the policy for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration;
- Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board.

The Remuneration Policy has been attached as annexure A.

The composition of the Nomination and Remuneration Committee as at March 31, 2017 and details of the Members participation at the Meeting of the Committee held on 21/07/2016 are as under

<b>Name of the Member</b>	<b>Category</b>	<b>Attendance at the Nomination and Remuneration Committee on 21/07/2016</b>
Lata Rani Mehra	Non Executive Director	Present
Kunal Sharma	Independent	Present
Shanti Swarup Bhatia	Independent	Present

**Risk Management Committee - Mandatory Committee...**

Business Risk Evaluation and Management is an on-going process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities.

The objectives and scope of the Risk Management Committee broadly comprises:

- Oversight of risk management performed by the executive management;
- Reviewing the BRM policy and framework in line with local legal requirements and SEBI guidelines;
- Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

The Risk Management policy has been attached as Annexure B

The composition of the Risk Management Committee as at March 31, 2017 and details of the Members participation at the Meetings of the Committee are as under:

<b>Name of the Member</b>	<b>Category</b>	<b>Attendance at the Risk Management Committee meeting held on 10/08/2016</b>
C.L. Mehra	Executive	Present
Pawan Mehra	Executive	Present
Vinay Mehra	Executive	Present

**(d) Stakeholders' Relationship Committee (mandatory committee)**

In compliance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement, the Board has renamed the existing "Shareholders'/Investors' Grievance Committee" as the "Stakeholders' Relationship Committee".

The terms of reference of the Committee are:

- transfer/transmission of shares/debentures and such other securities as may be issued by the Company from time to time;
- issue of duplicate share certificates for shares/debentures and other securities reported lost, defaced or destroyed, as per the laid down procedure;
- issue new certificates against subdivision of shares, renewal, split or consolidation of share certificates / certificates relating to other securities;

- issue and allot right shares / bonus shares pursuant to a Rights Issue / Bonus Issue made by the Company, subject to such approvals as may be required;
- to grant Employee Stock Options pursuant to approved Employees' Stock Option Scheme(s), if any, and to allot shares pursuant to options exercised;
- to issue and allot debentures, bonds and other securities, subject to such approvals as may be required;
- to approve and monitor dematerialization of shares / debentures / other securities and all matters incidental or related thereto;
- to authorize the Company Secretary and Head Compliance / other Officers of the Share Department to attend to matters relating to non-receipt of annual reports, notices, non-receipt of declared dividend / interest, change of address for correspondence etc. and to monitor action taken;
- monitoring expeditious redressal of investors / stakeholders grievances;
- all other matters incidental or related to shares, debenture

The composition of the Stakeholders' Relationship Committees at March 31, 2017 and details of the Members participation at the Meetings of the Committee are as under:

Name of the Member	Category	23/05/2016	03/08/2016	16/08/2016	20/09/2016	28/10/2016	10/01/2017	23/01/2017
Shanti Swarup Bhatia (Chairman)	Non Executive	Present	Present	Present	Present	Present	Present	Present
Vinay Mehra	Executive	Present	Present	Present	Present	Present	Present	Present
C.L. Mehra	Executive	Present	Present	Present	Present	Present	Present	Present

During the year, no complaints were received from shareholders. The balance complaints were under various stages of investigation. As on March 31, 2017, no investor grievance has remained unattended/ pending for more than thirty days. The Company had no share transfers pending as on March 31, 2017.

#### **Independent Directors' Meeting**

During the year under review, the Independent Directors met on 21<sup>st</sup> November, 2016, inter alia, to

discuss:

- Evaluation of the performance of Non-independent Directors and the Board of Directors as a whole.
- Evaluation of the performance of the chairman of the Company, taking into account the views of the Executive and Non-executive directors.
- Evaluation of 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.
- All the Independent Directors were present at the Meeting.

#### **Compliance Committee - Non Mandatory Committee**

#### **Capex Committee - Non Mandatory Committee**

### **PERFORMANCE EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees. A structured questionnaire was prepared after taking into consideration 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.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process. The Board Evaluation Policy is in Annexure C



## **TERMS OF APPOINTMENT & REMUNERATION - CEO & MD**

**No remuneration was paid to any of the directors of the Company.**

- **Disclosures:**

- Materially Significant related party transactions

There was no transaction of material nature with any of the related party, which is in conflict with the interest of the company.

- Details of non compliance by the company, penalties, strictures imposed on the company by the Stock Exchange or SEBI or any authority on any matter related to capital markets during last 3 years. The Company was unable to pay any listing fees since 2001-2002 on account of the Company becoming a sick industrial company and it's registration with the Hon'ble BIFR. The situation was a result of factors beyond the Company's control. Upon approval of the DRS (Draft Rehabilitation Scheme) the Company will move for re-listing. Therefore the listing clauses were also not complied. The Company is in the process of working with the BSE to resolve the matter.

There was no instance of levy of any penalties during the last three years.

### **Compliance with Accounting Standards**

In the preparation of the financial statements, the Company has followed the Accounting Standards notified pursuant to Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provision of the Companies Act, 1956 read with General Circular 8/2014 dated April 04, 2014, issued by the Ministry of Corporate Affairs. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

### **Internal Controls**

The Company has a formal system of internal control testing which examines both the design effectiveness and operational effectiveness to ensure reliability of financial and operational information and all statutory / regulatory compliances

### **CEO & MD / CFO Certification**

The director has issued certificate pursuant to the provisions of Clause 49 of the Listing Agreement certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed as Annexure D and forms part of the Annual Report.

### **CODE OF CONDUCT**

The Board of Directors has approved a Code of Business Conduct which is applicable to the Members of the Board and all employees. The Company believes in "Zero Tolerance" to bribery and corruption

in any form and the Board has laid down the "Anti-Bribery & Corruption Directive" which forms an Appendix to the Code. The Code has been posted on the Company's website [www.enchantejewellery.co.in](http://www.enchantejewellery.co.in)

## VIGIL MECHANISM / WHISTLE BLOWER POLICY

In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the most respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

E-Mail: [enchante@enchantejewellery.co.in](mailto:enchante@enchantejewellery.co.in)

## PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary & Head Compliance is responsible for implementation of the Code.

All Board Directors and the designated employees have confirmed compliance with the Code.

- **Means of Communication**

<b>i. Annual report sent to each shareholders registered address</b>	YES
<b>ii. Any Website where results or official news are displayed</b>	<a href="http://www.enchantejewellery.co.in">www.enchantejewellery.co.in</a>

No presentation made to institutional investors or to the analysts. Management Discussion & Analysis are not a part of Annual Report.

- **General Shareholder Information**

### Market Information

#### Listing on Stock Exchanges

The Company's shares are listed on the following Stock Exchanges and the Listing Fees has not been paid to the Exchange. Because of the Company's sickness the Company was unable to pay the listing fees, and the Company's trading was suspended.

<b>Name &amp; Address of the Stock Exchanges</b>	<b>Stock Code/Script Code</b>	<b>ISIN Number for NSDL/CDSL (Dematerialised share)</b>
BSE Limited PhirozeJeejeebhoy Towers, Dalal Street, Mumbai 400001	531148	ISIN INE772C01012

## **SHARE TRANSFER SYSTEM / DIVIDEND AND OTHER RELATED MATTERS**

### **Share transfers**

Share transfers in physical form are processed and the share certificates are generally returned to the transferees within a period of fifteen days from the date of receipt of transfer provided the transfer documents lodged with the Company are complete in all respects.

### **Nomination facility for shareholding**

As per the provisions of the Companies Act, 2013, facility for making nomination is available for Members in respect of shares held by them. Members holding shares in physical form may obtain nomination form, from the Share Department of the Company or download the same from the Company's website. Members holding shares in dematerialized form should contact their Depository Participants (DP) in this regard.

### **Permanent Account Number (PAN)**

Members who hold shares in physical form are advised that SEBI has made it mandatory that a copy of the PAN card of the transferee/s, members, surviving joint holders / legal heirs be furnished to the Company while obtaining the services of transfer, transposition, transmission and issue of duplicate share certificates.

### **v. Dividend**

#### **a. Payment of dividend through National Electronic Clearing Service (NECS)**

The Company provides the facility for remittance of dividend to the Members through NECS. To facilitate dividend payment through NECS, Members who hold shares in Demat mode should inform their Depository Participant and such of the Members holding shares in physical form should inform the Company of the core banking account number allotted to them by their bankers. In cases where the core banking account number is not intimated to the Company / Depository Participant, the Company will issue dividend warrants to the Members.

#### **b. Unclaimed Dividends**

The Company is required to transfer dividends which have remained unpaid / unclaimed for a period

of seven years to the Investor Education & Protection Fund established by the Government. There is no dividend which is unpaid by the Company.-

#### vi. Pending Investors' Grievances

Any Member / Investor, whose grievance has not been resolved satisfactorily, may kindly write to the Company Secretary and Head Compliance at the Registered Office with a copy of the earlier correspondence.

S. No.	Nature of Queries/Compliant	Pending as on April 1,2016	Received during the year	Redressed during the year	Pending as on March 31, 2017
1	Transfer/Transmission of Duplicate Share Certificate	-	-	-	-
2	Non-receipt of Dividend	-	-	-	-
3	Dematerialisation/Rematerialisation of Shares	-	-	-	-
4	Complaints received from:	-	-	-	-
	SEBI				
	Stock Exchanges/NSDL/CDSL				
	ROC/MCA/Others		2	1	1
	Advocates				
	Consumer Forum/Court Case				
5	Others				
	Grand Total	-	2	1	1

One complaint for non receipt of the Annual Report was received during the financial year 2016-2017 but resolved in the financial year 2017-2018.

#### Dematerialisation of Shares and Liquidity

The break-up of equity shares held in Physical and Dematerialised form as on March 31, 2017, is given below:

Particulars	No. of Shares	Percentage
Physical Segment	6559569	91.44%

Demat Segment		
NSDL	433494	06.05%
CDSL	180237	02.51%
Total	7173300	100%

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

Category	Number of Shareholders	(%) Percentage of Shareholders	Number of Shares	(%) Percentage of Shareholding
1-500	7770	91.01	1253699	17.4773
501-1000	485	5.7	405208	5.6488
1001-2000	173	2.0	263100	3.6399
2001-3000	39	0.5	99600	1.3885
3001-4000	20	0.2	69200	1.0149
4001-5000	9	0.1	41000	.5716
5001-10000	19	0.2	116800	1.6283
10001 and above	24	0.3	4923093	68.6322
<b>TOTAL</b>	<b>8539</b>	<b>100</b>	<b>7173300</b>	<b>100</b>

#### Shareholding Pattern as on March 31, 2017

Particulars	No. of shares held	%
<b>Promoters</b>		
<b>1. Individuals including Directors</b>	<b>9,74,396</b>	13.58
<b>2. Bodies Corporate</b>	<b>30,55,400</b>	42.59
<b>Bank, Financial Institutions, Insurance Companies &amp; Mutual Funds</b>	<b>-</b>	-

<b>Bank</b>		-
<b>Financial Institutions</b>		-
<b>Insurance Companies</b>		-
<b>Mutual Funds/UTI</b>		-
<b>Central &amp; State Governments</b>		-
<b>Foreign Institutional Investors</b>		-
<b>NRIs/Foreign Nationals</b>	6,12,000	8.54
<b>Public and Others</b>	25,31,504	35.29
<b>Total</b>	71,73,300	100.00

### General Body Meetings

Particulars of last three Annual general meetings

<b>AGM</b>	<b>Year ended 31st March,</b>	<b>Venue</b>	<b>Date</b>	<b>Time</b>	<b>Special Resolutions Passed</b>
28 <sup>th</sup>	2014	At the Registered Office	30.09.2014	09.30 a.m.	No Special Resolution passed
29 <sup>th</sup>	2015		30.09.2015	09.30 a.m.	No Special Resolution passed
30 <sup>th</sup>	2016	At the Registered Office	30.09.2016	09:30 a.m.	No Special Resolution passed

### Extraordinary General Meeting (EGM)

The Company did not hold an Extraordinary General Meeting.

During the year under review, no resolution has been passed through the exercise of postal ballot.

**E-Voting Facility to members**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 31<sup>st</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL). Pursuant to the amendments made in clause 35B of the Listing Agreement by SEBI, the company has sent assent/dissent forms to the members to enable those who do not have access to e-Voting facility to cast their vote on the shareholders resolution to be passed at the ensuing Annual General Meeting, by sending their assent or dissent in writing.

**FINANCIAL CALENDAR 2016:**

<b>AGM – Date, time and venue</b>	29 <sup>th</sup> September 2017,9:30 AM Plot No. 3&4 , Phase – IV , Udyog Vihar , Gurgaon (Haryana)
<b>Financial Year</b>	1 <sup>st</sup> April ,2016 to 31 <sup>st</sup> March 2017
<b>Book Closure Date</b>	23 <sup>rd</sup> September 2017 to 29 <sup>th</sup> September 2017
<b>Dividend Payment Date</b>	Dividend not recommended
<b>Listing of Eq. shares on stock exchanges.</b>	The Stock Exchange , Mumbai
<b>Stock Code</b>	531148
<b>Market Price Data and other related informations</b>	Market Price Data is not available , as the shares are not being traded in the Stock Exchange
<b>Registrar &amp; Transfer Agents</b>	M/s Link Intime India Pvt Ltd.A-31 2 <sup>nd</sup> Floor , Phase – I , Naraina Industrial Area , Near PVR ,Naraina, New Delhi -110028
<b>Share Transfer System</b>	Share transfers, which are received in physical form are processed by the Registrar of Share Transfer Agent and approved by the Share Transfer Committee , which normally meets once in a month or more depending on the volume of transfer . The Company has also offered the facility of transfer cum demat as per SEBI guidelines.
<b>Dematerialization of Shares</b>	The equity shares are held in dematerialization form by National Securities Depository Limited and Central Depository Services (India) Limited under ISIN INE772C01012.
<b>GDRs /ADRs /Warrants</b>	As on date the Company has not issued or any convertible instruments
<b>Plant Location.</b>	Plot No.3&4, Phase-IV, Udyog Vihar, Guagaon (Haryana)

<b>Board Meeting for consideration of Accounts for the financial year ended March 31, 2017 and recommendation of dividend</b>	4 <sup>th</sup> September 2017, No Dividend has been recommended.
<b>Address for Correspondence</b>	Plot No.3&4, Phase-IV, Udyog Vihar, Guagaon (Haryana)

**For and on behalf of the Board**

**Sd/-  
C.L. Mehra  
Director**

**Place Gurgaon  
Date 4<sup>th</sup> September 2017**