

Enchanté Jewellery Limited

Corporate Governance Report for the year ended on 31st March 2015

1 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.

2 Board of Directors:

Category	No. of directors
Non-Executive & Independent Directors including the Chairman	2
Other Non-Executive Directors	1
Executive Director (CEO & Managing Director)	3
Total	6

The Chairman of the Board is not an Independent Director

As required under Section 149(3) of the Companies Act, 2013, & Clause 49 of Listing Agreement, Ms Lata Rani Mehra, a lady Director, has been appointed as an Independent Director on the Board.

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,RMC	-
Chand Mehra	30-04-2013	Executive Director	2	RMC	-
Vinay Mehra	07-07-1995	Executive Director	3	SRC,AC	RMC
Shiv Prasad Wahi	10-04-2013	Independent Director	1	-	AC,RC
Shanti Swarup Bhatia	10-04-2013	Independent Director	1	AC,RC	SRC
Lata Rani Mehra	31-03-2015	Non Executive Director	1	RC	-

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

RC :Remuneration Committee

RMC :Risk Management Committ

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Board Meetings held during the year:

Dates on which the Board Meetings were held	Total Strength of the Board	No. of Directors Present
5 th May 2014	5	5
2 nd June 2014	5	5
4 th September 2014	5	5
8 th September 2014	5	5
10 th December	5	4
31 st March 2015	6	5

Name of Director	Attendance at the Board Meetings held on						Attendance at the AGM held on 30 th Sep'14
	05/05/2014	02/06/2014	04/09/2014	08/09/2014	10/12/2014	31/03/2015	
C.L. Mehra	Present	Present	Present	Present	Present	Present	Present
Chand Mehra	Present	Present	Present	Present	Present	Present	Present
Vinay Mehra	Present	Present	Present	Present	Present	Present	Present
Shiv Prasad Wahi	Present	Present	Present	Present	Absent	Absent	Present
Shanti Swarup Bhatia	Present	Present	Present	Present	Present	Present	Present
Lata Rani Mehra	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Present	Not applicable

3 COMMITTEES OF THE BOARD.

(a) Audit Committee (mandatory committee)

The Audit Committee continued working under Chairmanship of Shri Shiv Prasad Wahi with Shri Shanti Swarup Bhatia and Shri Vinay Mehra as co-members. During the year, the sub-committee met on five occasions with full attendance of all the members.

The composition of the Audit Committee as at March 31, 2015 and details of the Members participation at the Meetings of the Committee are as under:

Name of Director	Category	Attendance at the Audit Committee held on					
		02/05/2014	02/06/2014	20/08/2014	01/07/2014	01/12/2014	10/03/2015
Vinay Mehra	Executive	Present	Present	Present	Present	Present	Present
Shiv Prasad Wahi	Independent	Present	Present	Present	Present	Absent	Absent
Shanti Swarup Bhatia	Independent	Present	Present	Present	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 function

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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, 2015 and details of the Members participation at the Meeting of the Committee held on 31/03/2015 are as under:

Name of the Member	Category	Attendance at the Nomination and Remuneration Committee on 31/03/2015
Lata Rani Mehra	Non Executive Director	Present
Shiv Prasad Wahi	Independent	Present
Shanti Swarup Bhatia	Independent	Present

(c) 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.

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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, 2015 and details of the Members participation at the Meetings of the Committee are as under:

Name of the Member	Category	Attendance at the Nomination and Remuneration Committee on 10/12/2014
C.L.Mehra	Executive	Present
Vinay Mehra	Executive	Present
Chand 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 Committee as at March 31, 2015 and details of the Members participation at the Meetings of the Committee are as under:

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Name of the Member	Category	Attendance on 05/09/2014	Attendance on 09/03/2015
Shanti Swarup Bhatia (Chairman)	Non Executive	Present	Present
Vinay Mehra	Executive	Present	Present
C.L. Mehra	Executive	Present	Present

During the year, 6 complaints were received from shareholders, out of which 6 complaints have been attended/resolved. The balance complaints were under various stages of investigation. As on March 31, 2015, no investor grievance has remained unattended/ pending for more than thirty days. The Company had no share transfers pending as on March 31, 2015.

Independent Directors' Meeting

During the year under review, the Independent Directors met on 10th December, 2014, 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

1. Mr Chand Mehra, MD

Period of Appointment	1 April 2014 to 31st March 2015
Salary	Rs 9,00,000 pa
Allowances	-
Perquisites	-
Retrial Benefits	-
Performance Bonus	-
Sign-on Amount	-
Deferred Bonus	-
Minimum Remuneration	-
Notice Period & Severance Fees	-
Other	-

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- **Details of remuneration paid to the Directors are given in Form MGT - 9**

4 Disclosures:

(a) 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.

- (b) 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 its 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 MD 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

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

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.

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5 Means of Communication

i. Annual report sent to each shareholders registered address	YES
ii. Any Website where results or official news are displayed	www.enchantejewellery.co.in

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

6 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.

Name & Address of the Stock Exchanges	Stock Code/Scrp Code	SIN Number for NSDL/CDSL (Dematerialised share)
BSE Limited PhirozeJeejeebhoy Towers, Dalal Street, Mumbai 400001	531148	SIN 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.

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S. No.	Nature of Queries/Compliant	Pending as on April 1, 2014	Received during the year	Redressed during the year	Pending as on March 31, 2015
1	Transfer/Transmission of Duplicate Share Certificate	-	3	3	-
2	Non-receipt of Dividend	-	3	3	-
3	Dematerialisation/Rematerialisation of Shares	-	-	-	-
4	Complaints received from:	-	-	-	-
	SEBI				
	Stock Exchanges/NSDL/CDSL				
	ROC/MCA/Others				
	Advocates				
	Consumer Forum/Court Case				
5	Others				
	Grand Total	-	6	6	-

Dematerialisation of Shares and Liquidity

The break-up of equity shares held in Physical and Dematerialised form as on March 31, 2015, is given below:

Particulars	No. of Shares	Percentage
Physical Segment	6565069	91.52%
Demat Segment		
NSDL	436199	06.08%
CDSL	172032	02.40%
Total	7173300	100.00%

Distribution of Shareholding as on March 31, 2015

Category	Number of Shareholders	(%) Percentage of Shareholders	Number of Shares	(%) Percentage of Shareholding
1-500	7781	91.01	1255199	17.4982
501-1000	485	5.7	405208	5.6488
1001-2000	174	2.0	263100	3.6678
2001-3000	39	0.5	99600	1.3885
3001-4000	19	0.2	69200	0.9647
4001-5000	9	0.1	41000	.5716
5001-10000	19	0.2	116800	1.6283
10001 and above	23	0.3	4923193	68.6322
TOTAL	8549	100	7173300	100.0000

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Shareholding Pattern as on March 31, 2015

Particulars	No. of shares held	%
Promoters		
1. Individuals including Directors	9,74,398	13.58
2. Bodies Corporate	30,55,500	42.60
Bank, Financial Institutions, Insurance Companies & Mutual Funds	-	-
Bank	-	-
Financial Institutions	-	-
Insurance Companies	-	-
Mutual Funds/UTI	-	-
Central & State Governments	-	-
Foreign Institutional Investors	-	-
NRIs/Foreign Nationals	6,12,000	8.54
Public and Others	25,31,402	35.28
Total	71,73,300	100.00

General Body Meetings

Particulars of last three Annual general meetings

AGM	Year ended 31st March,	Venue	Date	Time	Special Resolutions Passed
26th	2012	At the	29.09.2012	09.30 a.m.	No Special Resolution passed
27th	2013	Registered	30.09.2013	09.30 a.m.	No Special Resolution passed
28th	2014	Office	30.09.2014	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 29th 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

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FINANCIAL CALENDAR 2015:

AGM - Date, time and venue	30th September 2015, 9:30 AM Plot No. 3&4 , Phase - IV , Udyog Vihar , Gurgaon (Haryana)
Financial Year	1st April ,2014 to 31st March 2015
Book Closure Date	23rd September 2015 to 30th September 2015
Dividend Payment Date	Dividend not recommended
Listing of Eq. shares on stock exchanges.	The Stock Exchange , Mumbai
Stock Code	531148
Market Price Data and other related informations	Market Price Data is not available , as the shares are not being traded in the Stock Exchange
Registrar & Transfer Agents	M/s Link Intime India Pvt Ltd.A-31 2nd Floor , Phase - I , Naraina Industrial Area , Near PVR ,Naraina, New Delhi -110028
Share Transfer System	Share transfers, which are received in physical form are processed by the Registrar of Share Transfer Agent and approved by the Share Transfer Committee. The Company has also offered the facility of transfer cum demat as per SEBI guidelines.
Dematerialization of Shares	The equity shares are held in dematerialization form by National Securities Depository Limited and Central Depository Services (India) Limited under ISIN INE772C01012.
GDRs /ADRs /Warrants	As on date the Company has not issued or any convertible instruments
Plant Location.	Plot No.3&4, Phase-IV, Udyog Vihar, Gurgaon (Haryana)
Board Meeting for consideration of Accounts for the financial year ended March 31, 2015 and recommendation of dividend	5th September 2015, No Dividend has been recommended.
Address for Correspondence	Plot No.3&4, Phase-IV, Udyog Vihar, Gurgaon (Haryana)

For and on behalf of the Board

Place : Gurgaon
Date: 05.09.2015

Sd/-
Chand Mehra
Managing Director

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ANNEXURE “A” TO THE CORPORATE GOVERNANCE REPORT

NOMINATION AND REMUNERATION POLICY

Introduction:

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the Listing Agreement as amended from time to time this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors.

Objective and purpose of the Policy:

The objective and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the Auto Component Industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors.

Constitution of the Nomination and Remuneration Committee:

As per the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing agreement, The Board has changed the nomenclature of Remuneration Committee by renaming it as Nomination and Remuneration Committee on 31st July, 2014.

Definitions

- Board means Board of Directors of the Company.
- Directors means Directors of the Company.
- Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- Company means Raunaq Automotive Components Limited.
- Independent Director means a director referred to in Section 149 (6) of the Companies Act, 2013.
- Key Managerial Personnel (KMP) ,in relation to a company, means-
 - (i) the Chief Executive Officer or the Managing Director or the Manager;
 - (ii) the Company Secretary;
 - (iii) the Whole-Time Director;

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- (iv) the Chief Financial Officer; and
- (v) Such other officer as may be prescribed under the applicable statutory provisions / regulations.
- Senior Management means who are members of its core management team excluding Board of Directors and all members of the management one level below the Executive Director, including the functional Heads. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

Applicability

The Policy is applicable to;

- Directors (Executive and Non Executive).
- Key Managerial Personnel.
- Senior Management Personnel.

General

- This Policy is divided in three parts:

Part - A covers the matters to be dealt with and recommended by the Committee to the Board,

Part - B covers the appointment and nomination and;

Part - C covers remuneration and perquisites etc.

PART - A

MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

PART - B

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as Whole time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

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- **Term / Tenure:**

- 1. Managing Director/Whole-time Director:**

- The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five (5) years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

- 2. Independent Director:**

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 (five) years or more in a company as on October 1, 2014 shall be eligible for appointment, on completion of his/her present term, for one more term of upto 5 (five) years only or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director Serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

- **Senior Management Appointment**

In order to carry out day-to-day recruitments/appointments of the Senior Management Personnel the power is delegated to the Chairman & Managing Director, who shall shortlist, finalize, appoint the suitable person and fix the remuneration subject to review, endorsement and approval of the Nomination & Remuneration Committee.

- **Evaluation**

The Committee shall carry out evaluation of performance of every Director at regular interval (yearly).

Mechanism/Criteria for evaluating the performance of every Director (Including Independent Directors) and Board:

The evaluation of performance of every Director (Including Independent Directors) and Board shall be carried out annually based on the criteria of attendance and contributions at Board/Committee Meetings as also for the role played other than at Meetings and other criteria as may deemed fit by the committee time to time.

- **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

- **Retirement:**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

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PART - C

POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

- **General:**
 1. The remuneration to be paid to the Chairman and Managing Director or Whole Time Director, if any shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
 2. The remuneration to the KMP (other than Managing Director or Whole Time Director) and Senior Management Personnel will be determined by the Committee (as may be recommended by the Chairman & Managing Director) and subject to the Board approval, if required.
 3. Increments to the existing remuneration structure may be recommended by the Committee to the Board which shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder. .
 4. Where any insurance is taken by the Company on behalf of its Chairman and Managing Director, Joint Managing Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- **Remuneration to Managing Director, KMP and Senior Management Personnel:**
 1. **Remuneration and Perquisites:**

The Managing Director, KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee.

The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
 2. **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director or Whole time Director in accordance with the provisions of Schedule V of the Companies Act, 2013.
- **Remuneration to Non- Executive / Independent Director:**
- **Sitting Fees:**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof or fee/compensation etc. for any other purpose whatsoever as may be decided by the Board. Provided that the amount of such fees shall not exceed such amount as may be prescribed by the Central Government from time to time.
- **Other employees Remuneration**

The Managing Director and other senior executives (as relevant) will review the remuneration of all other employees not otherwise specified in this policy.

Enchanté Jewellery Limited

ANNEXURE "B" TO THE CORPORATE GOVERNANCE REPORT

Risk Management Policy under New Companies Act, 2013

BACKGROUND AND CONTEXT APPLICABILITY: Enterprise risk management was not mandatory according to the Companies Act 1956. However, as per the new law, there are specific requirements that a company needs to comply with. In addition, the board and audit committee have been vested with specific responsibilities in assessing the robustness of risk management policy, process and systems.

KEY COMPLIANCE REQUIREMENTS: Section 134 : The board of directors report must include a statement indicating development and implementation of a risk management policy for the company including identification of elements of risk, if any, which in the opinion of the board may threaten the existence of the company.

RISK MANAGEMENT: Risk management, by and large involves reviewing the operations of the organization followed by identifying potential threats to the organization and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats.

The risk management process involves identifying the risks an organization is subject to, deciding how to manage it, implementing the management technique, measuring the ongoing effectiveness of management and taking appropriate correction action. The basic activities in any risk management system are.

- (I) Risk identification.
- (II) Risk assessment and finally
- (III) Risk control.

Each of the risks needs to be assessed by the enterprise for its impact on profit and cash flow. Likelihood of occurrence and scope for mitigation or reduction. Draft risk matrix is enclosed for Board's reference and further suggestions to prepare a risk management policy of the Company. Risk matrix for Board's reference and further suggestions to prepare a risk management policy of the Company.

1. Risk Management Committee will be of All Working Directors, One Member from Technical Experts, One Member from Finance and Company Secretary who will be convener of the meeting.
2. The Chairman of the Committee will be elected from the members.
3. The Risk Management Committee will meet at least Once in six months.
4. The Risk Management Policies are based on philosophy of achieving substantial growth while mitigating and managing risks involved.

ANNEXURE "C" TO THE CORPORATE GOVERNANCE REPORT

PERFORMANCE EVALUATION POLICY

INTRODUCTION

The Company conducts its operations under the directions of Board of Directors within the framework laid down by various statutes, more particularly by the Companies Act, 2013, the Articles of Association, Listing Agreement with stock exchanges and Code of Conduct and policies formulated by the Company for its internal execution. The Company's Board of Directors is dedicated to act in good faith; exercise their judgment on an informed basis, in the best interest of the company and its stakeholders. Accordingly, the present policy for performance evaluation is being put into place in accordance with the requirements of section 178 of the Companies Act, 2013 which provides for the a policy to be formulated and recommended to the Board, setting the criteria, based on which the performance of each and every director including the performance of the Board as a whole shall be assessed by the Board of Directors of the Company. Such an evaluation procedure will provide a fine system of checks and balances on the

performance of the directors and will ensure that they exercise their powers in a rational manner.

The Act, under clause VIII of Schedule IV, casts an obligation on part of the board of directors for evaluating the performance of independent directors. All the directors on the board of a company, except the independent director whose performance is being evaluated, will assess the performance of the independent director. Accordingly, a report of performance evaluation of each independent director of the company would be prepared, which would determine whether to extend or continue the term of appointment of the concerned independent director or not.

With an aim to maintain an energized, proactive and effective Board, the Board is committed to a continuing process of recommending and laying down the criteria to evaluate the performance of the entire Board of the Company.

As one of the most important functions of the Board of Directors is to oversee the functioning of Company's top management, this Board Performance Evaluation process aims to ensure individual directors ("Directors") and the Board of Directors of the Company ("Board") as a whole work efficiently and effectively in achieving their functions. This policy aims at establishing a procedure for conducting periodical evaluation of its own performance and of its committees and individual directors. Hence it is important that every individual Board Member effectively contributes in the Board deliberations.

EFFECTIVENESS OF THE BOARD

The overall effectiveness of the Board shall be measured on the basis of the ratings obtained by each Director and accordingly the Board shall decide the Appointments, Re-appointments and Removal of the non-performing Directors of the Company. For this reason, based on the fore stated criteria of evaluation the remuneration of the Directors and Key Managerial Personnel shall be determined and reviewed from time to time.

RESPONSIBILITY OF BOARD / INDEPENDENT DIRECTORS

It shall be the duty of the Board, who shall be supported by the Management to organize the evaluation process and accordingly conclude the steps required to be taken. The evaluation process will be used constructively as a system to improve the directors' and committees' effectiveness, to maximize their strength and to tackle their shortcomings.

The Board of Directors shall undertake the following activities on an annual basis:

- I. Review the various strategies of the Company and accordingly set the performance objectives for directors, in consistency with varying nature and requirements of Company's business.
- II. The Board as a whole shall discuss and analyze its own performance during the year together with suggestions for improvement thereon, pursuant to the performance objectives.

In conformity with the requirement of the Act, the performance evaluation of all the directors shall be done by the entire Board of Directors, excluding the director being evaluated

Independent Directors are duty bound to evaluate the performance of non - independent directors and board as a whole. The independent directors of the Company shall hold at least one meeting in a year to review the performance of the non- independent directors, performance of chairperson of the Company and board as a whole, taking into account the views of executive directors and non-executive directors.

EVALUATION FACTORS

The Board of Directors shall pay regards to the following parameters for the purpose of evaluating the performance of a particular director:

In respect of each of the evaluation factors, various aspects have been provided to assist with the evaluation process in respect of performance of Board itself, and of its committees and individual directors as, such evaluation factors may vary in accordance with their respective functions and duties.

Evaluation of Independent Director shall be carried on by the entire Board in the same way as it is done for the Executive Directors of the Company except the Director getting evaluated.

Appraisal of each Director of the Company shall be based on the criteria as mentioned herein below.

Rating Scale

Performance	Rating
Satisfactory	1
Not Satisfactory	0

The Company has chosen to adopt the following Board Performance Evaluation Process:

INDEPENDENT DIRECTORS

Some of the specific issues and questions that should be considered in a performance evaluation of Independent Director, in which the concerned director being evaluated shall not be included, are set out below:

Name of Director being assessed: _____

S. No.	Assessment Criteria	Rating	Remarks/ Comments
1.	Attendance and participations in the meetings		
2.	Raising of concerns to the Board		
3.	Safeguard of confidential information		
4.	Rendering independent, unbiased opinion and resolution of issues at meetings		
5.	Initiative in terms of new ideas and planning for the Company		
6.	Safeguarding interest of whistle-blowers under vigil mechanism		
7.	Timely inputs on the minutes of the meetings of the Board and Committee's, if any		

NON - INDEPENDENT DIRECTORS / EXECUTIVE DIRECTORS

Some of the specific issues and questions that should be considered in a performance evaluation of Chairperson/Non-Independent Director / Executive Director by Independent Directors, in which the concerned director being evaluated shall not be included, are set out below:

Name of Director being assessed: _____

S. No.	Assessment Criteria	Rating	Remarks/ Comments
1.	Leadership initiative		
2.	Initiative in terms of new ideas and planning for the Company		
3.	Professional skills, problem solving, and decision-making		
4.	Compliance with policies of the Company, ethics, code of conduct, etc.		
5.	Reporting of frauds, violation etc.		
6.	Safeguarding of interest of whistle blowers under vigil mechanism		
7.	Timely inputs on the minutes of the meetings of the Board and Committee, if any		

BOARD OF DIRECTORS

Some of the specific issues and questions that should be considered in a performance evaluation of the entire Board by Independent Directors, are set out below:

S. No.	Assessment Criteria	Rating	Remarks/ Comments
1.	The Board of Directors of the company is effective in decision making.		
2.	The Board of Directors is effective in developing a corporate governance structure that allows and encourages the Board to fulfill its responsibilities.		
3.	The Company's systems of control are effective for identifying material risks and reporting material violations of policies and law.		
4.	The Board reviews the organization's performance in carrying out the stated mission on a regular basis.		

5.	The Board of Directors is effective in providing necessary advice and suggestions to the company's management.		
6.	Is the board as a whole up to date with latest developments in the regulatory environment and the market?		
7.	The information provided to directors prior to Board meetings meets your expectations in terms of length and level of detail.		
8.	Board meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues.		
9.	The Board Chairman effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the board.		
10.	The Board appropriately considers internal audit reports, management's responses, and steps towards improvement.		
11.	The Board oversees the role of the independent auditor from selection to termination and has an effective process to evaluate the independent auditor's qualifications and performance.		
12.	The board considers the independent audit plan and provides recommendations.		

COMMITTEES OF BOARD

The Board has constituted the following committees:

1. Audit Committee;
2. Nomination and Remuneration Committee; and
3. Stakeholders Relationship Committee
4. Risk Management Committee;

For evaluating the performance of each committee, the Board of Directors shall pay regards to the following aspects as set out in the annexure below:

S. No	Audit Committee (for Audit Committee members only)	Rating	Remarks/ Comments
1.	Committee meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues		
2.	Timely inputs on the minutes of the meetings		

S. No.	Nomination and Remuneration Committee (For Nomination and Remuneration Committee members only)	Rating	Remarks/ Comments
1.	Committee meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues.		
2.	Timely inputs on the minutes of the meetings		

S. No.	Stakeholders Relationship Committee (For Stakeholders Relationship Committee members only)	Rating	Remarks/ Comments
1.	Committee meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues.		
2.	Timely inputs on the minutes of the meetings		

S. No.	Risk Management Committee	Rating	Remarks/ Comments
1.	Committee meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues.		
\ 2.	Timely inputs on the minutes of the meetings		

KEY MANAGERIAL PERSONNEL AND SENIOR EXECUTIVES

For evaluating the performance of Key Managerial Personnel and other Senior Executives, the Board of Directors shall pay regards to the following aspects as set out below:

Name of person being assessed: _____

S. No.	Assessment Criteria	Rating	Remarks/ Comments
1.	Abidance and behavior in accordance with ethical standards & code of conduct of Company		
2.	Interpersonal and communication skills		
3.	Compliance with policies of the Company, ethics, code of conduct, etc.		
4.	Safeguarding interest of whistle-blowers under vigil mechanism		
5.	Team work attributes		
6.	Safeguard of confidential information		

REVIEW

The performance evaluation process will be reviewed annually by the "Nomination and Remuneration Committee".

Subject to the approval of Board of Directors, the Committee may amend the Policy, if required, to ascertain its appropriateness as per the needs of the Company.

DISCLOSURE

Company will disclose details of its Board Performance Evaluation processes in its Board's Report. The Board's report containing such statement shall indicate the manner in which formal evaluation has been made by the Board of its own performance and that of the committees of the Board and individual directors of the Company.

ANNEXURE "D" TO THE CORPORATE GOVERNANCE REPORT CERTIFICATE PURSUANT TO THE PROVISIONS OF CLAUSE 49 OF THE LISTING AGREEMENT

I the undersigned, in my respective capacity as Managing Director of Enchante Jewellery Limited ("the Company") to the best of my knowledge and belief certify that:

- a. I have reviewed financial statements and the cash flow statement for the financial year ended , 31st March 2015 and that to the best of my knowledge and belief, I state that:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. I further state that to the best of my knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.

- c. I hereby declare that all the members of the Board of Directors and Executive Committee have confirmed compliance with the Code of Conduct as adopted by the Company.
- d. I am responsible for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or proposed to take to rectify these deficiencies.
- e. I have indicated, based in my most recent evaluation, wherever applicable, to the Auditors and the Audit Committee:
 - i. significant changes, if any, in internal control over financial reporting during the year;
 - ii. significant changes, if any, in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over the financial reporting.

By Order of the Board
For Enchante Jewellery Limited

Place : Gurgaon
Date: 05.09.2015

Chand Mehra
Managing Director

DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT

I, Chand Mehra Managing Director of Enchante Jewellery Limited, hereby declare that all the members of the Board of Directors and the Senior Management Executives have affirmed compliance with the Company's "Code of Conduct for Directors and Senior Management Personnel" for the financial year ended on March 31, 2015.

By Order of the Board
For Enchante Jewellery Limited

Place : Gurgaon
Date: 05.09.2015

Chand Mehra
Managing Director