



## RALLIS INDIA LIMITED

Corporate Identity No. L36992MH1948PLC014083

2nd Floor Sharda Terraces Plot No 65 Sector 11 CBD Belapur Navi Mumbai 400 614  
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Mrs P S Meherhomji  
Company Secretary

### QUARTERLY COMPLIANCE REPORT ON CORPORATE GOVERNANCE

Name of the Company: RALLIS INDIA LIMITED

Quarter ending on: 31<sup>st</sup> March, 2014

Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
1	2	3	4
<b>Board of Directors</b>	49 I		
The Board of directors of the company shall have an optimum combination of executive and non-executive directors with not less than fifty percent of the board of directors comprising of non-executive directors.	49 I (A)(i)	Yes	
Where the Chairman of the Board is a non-executive director, at least one-third of the Board should comprise of independent directors and in case he is an executive director, at least half of the Board should comprise of independent directors. "Provided that where the non-executive Chairman is a promoter of the company or is related to any promoter or person occupying management positions at the Board level or at one level below the Board, at least one-half of the Board of the company shall consist of independent directors.	49 I (A)(ii)	Yes	
Independent Director	49 I (A)(iii)	Yes	
Non-executive Directors' compensation & disclosures	49 I (B)	Yes	

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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
1	2	3	4
<u>Other provisions as to Board and Committees</u>	49 I (C)		
The Board shall meet at least four times a year, with a maximum time gap of four months between any two meetings. The minimum information to be made available to the Board is given in Annexure I A.	49 I (C) (i)	Yes	
A director shall not be a member in more than 10 committees or act as chairman of more than 5 committees across all companies in which he is a director. Furthermore it should be a mandatory annual requirement for every director to inform the company about the committee positions he occupies in other companies and notify changes as and when they take place.	49 I (C) (ii)	Yes	
The Board shall periodically review compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances.	49 I (C) (iii)	Yes	
An independent director who resigns or is removed from the Board of the Company shall be replaced by a new independent director within a period of not more than 180 days from the day of such resignation or removal, as the case may be: Provided that where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director within the period of 180 days shall not apply.	49 I (C) (iv)	NA	Dr. Y. K. Alagh, who was an Independent Non Executive Director, retired from the Board on 28 <sup>th</sup> February, 2014. Dr. Punita Kumar-Sinha has been appointed as an Independent Non-Executive Director on the Board w.e.f. 26 <sup>th</sup> March, 2014.



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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
1	2	3	4
<u>Code of conduct</u>	49 I (D)		
The Board shall lay down a code of conduct for all Board members and senior management of the company. The code of conduct shall be posted on the website of the company.	49 I (D) (i)	Yes	
All Board members and senior management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the company shall contain a declaration to this effect signed by the CEO.	49 I (D) (ii)	Yes	
<b>Audit Committee</b>	49 II		
<u>Qualified and Independent Audit Committee</u>	49 II (A)		
The Audit Committee shall have minimum three directors as members. Two-thirds of the members of the Audit Committee shall be independent directors.	49 II (A) (i)	Yes	
All members of the Audit Committee shall be financially literate and at least one member shall have accounting or related financial management expertise.	49 II (A) (ii)	Yes	
The Chairman of the Audit Committee shall be an Independent Director.	49 II (A) (iii)	Yes	
The Chairman of the Audit Committee shall be present at Annual General Meeting to answer shareholder queries.	49 II (A) (iv)	Yes	Chairman of the Committee was present at the Annual General Meeting held on 24.06.2013

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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
1	2	3	4
The Audit Committee may invite such of the executives as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the company. The finance director, head of internal audit and a representative of the statutory auditor may be present as invitees for the meetings of the Audit Committee.	49 II (A) (v)	Yes	
The Company Secretary shall act as the secretary to the committee.	49 II (A) (vi)	Yes	
Meeting of Audit Committee	49 II (B)	Yes	
Powers of Audit Committee	49 II (C)	Yes	
<u>Role of Audit Committee</u>	49 II (D)		
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.	49 II (D)1	Yes	
Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.	49 II (D) 2	Yes	
Approval of payment to statutory auditors for any other services rendered by the statutory auditors.	49 II (D) 3	Yes	

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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
1	2	3	4
Reviewing, with the management, the annual financial statements before submission to the board for approval	49 II (D) 4	Yes	
Reviewing, with the management, the quarterly financial statements before submission to the board for approval.	49 II (D) 5	Yes	
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	49 II (D) 5A	NA	
Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.	49 II (D) 6	Yes	
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.	49 II (D) 7	Yes	
Discussion with internal auditors any significant findings and follow up there on.	49 II (D) 8	Yes	

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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
1	2	3	4
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.	49 II (D) 9	Yes	
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.	49 II (D) 10	Yes	
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.	49 II (D) 11	Yes	Framework exists for review, in case there is a need. No such default has occurred.
To review the functioning of the Whistle Blower mechanism, in case the same is existing.	49 II (D) 12	Yes	
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 & background, etc. of the candidate.	49 II (D) 12A	Yes	
Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.	49 II (D) 13	Yes	
If the company has set up an audit committee pursuant to provision of the Companies Act, the said audit committee shall have such additional functions/ features as is contained in this clause.	49 II (D) Explanation	Yes	



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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
1	2	3	4
<u>Review of information by Audit Committee</u>	49 II (E)		
Management discussion and analysis of financial condition and results of operations.	49 II (E) 1	Yes	
Statement of significant related party transactions (as defined by the audit committee), submitted by management.	49 II (E) 2	Yes	
Management letters/ letters of internal control weaknesses issued by the statutory auditors.	49 II (E) 3	Yes	
Internal audit reports relating to internal control weaknesses.	49 II (E) 4	Yes	
The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.	49 II (E) 5	Yes	
<b>Subsidiary Companies</b>	49 III		
At least one independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of a material non listed Indian subsidiary company.	49 III (i)	NA	
The Audit Committee of the listed holding company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.	49 III (ii)	Yes	



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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
1	2	3	4
The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed holding company. The management should periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.	49 III (iii)	Yes	
<b>Disclosures</b>	49 IV		
Basis of related party transactions	49 IV (A)	Yes	
Disclosure of Accounting Treatment	49 IV (B)	Yes	Explanation will be provided in the Corporate Governance Report whenever there is a difference.
Board Disclosures – Risk management	49 IV (C)	Yes	
Proceeds from public issues, rights issues, preferential issues etc.	49 IV (D)	NA	
Remuneration of Directors	49 IV (E)	Yes	

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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
1	2	3	4
<u>Management</u>	49 IV (F)		
Management Discussion and Analysis report	49 IV (F) (i)	Yes	
Senior management shall make disclosures to the board relating to all material financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the company at large (for e.g. dealing in company shares, commercial dealings with bodies, which have shareholding of management and their relatives etc.)	49 IV (F) (ii)	Yes	
<u>Shareholders</u>	49 IV (G)		
In case of the appointment of a new director or re-appointment of a director the shareholders should be provided with the information relating to him.	49 IV (G) (i)	Yes	
Disclosure of relationships between directors inter-se shall be made in the Annual Report, notice of appointment of a director, prospectus and letter of offer for issuances and any related filings made to the stock exchanges where the company is listed.	49 IV (G) (ia)	NA	
Quarterly results and presentations made by the company to analysts shall be put on company's web-site, or shall be sent in such a form so as to enable the stock exchange on which the company is listed to put it on its own web-site.	49 IV (G) (ii)	Yes	

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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
1	2	3	4
A board committee under the chairmanship of a non-executive director shall be formed to specifically look into the redressal of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. This Committee shall be designated as 'Shareholders/ Investors Grievance Committee'.	49 IV (G) (iii)	Yes	
To expedite the process of share transfers, the Board of the company shall delegate the power of share transfer to an officer or a committee or to the registrar and share transfer agents. The delegated authority shall attend to share transfer formalities at least once in a fortnight.	49 IV (G) (iv)	Yes	
<b>CEO/ CFO certification</b>	49 V		
The CEO, i.e. the Managing Director or Manager and the CFO i.e. the whole-time Finance Director or any other person heading the finance function discharging that function shall certify to the Board.	49 V	Yes	

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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
1	2	3	4
<b>Report on Corporate Governance</b>	49 VI		
There shall be a separate section on Corporate Governance in the Annual Report of the company, with a detailed compliance report on Corporate Governance. Non-compliance of any mandatory requirement of this clause with reasons thereof and the extent to which the non-mandatory requirements have been adopted should be specifically highlighted. The suggested items to be included in the Report.	49 VI (i)	Yes	
The companies shall submit a quarterly compliance report to the stock exchanges within 15 days from the close of quarter as per the given format. The report shall be signed either by the Compliance Officer or the Chief Executive Officer of the company after obtaining due approvals.	49 VI (ii)	Yes	
<b>Compliance</b>	49 VII		
The company shall obtain a certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance as stipulated in this clause and annex the certificate with the directors' report, which is sent annually to all the shareholders of the company. The same certificate shall also be sent to the Stock Exchanges along with the annual report filed by the company.	49 VII (1)	Yes	

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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
1	2	3	4
<b>Non - Mandatory Requirements</b>	Annexure ID		
<u>The Board</u>	(1)		
A non-executive Chairman may be entitled to maintain a Chairman's office at the company's expense and also allowed reimbursement of expenses incurred in performance of his duties.		Yes	Since Chairman has his office very close to the Company's Registered Office, he has conveyed that he does not require the facility of an office. Expenses incurred in performance of duties are reimbursed.
Independent Directors may have a tenure not exceeding, in the aggregate, a period of nine years, on the Board of a company.		No	
The company may ensure that the person who is being appointed as an independent director has the requisite qualifications and experience which would be of use to the company and which, in the opinion of the company, would enable him to contribute effectively to the company in his capacity as an independent director."		Yes	

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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
1	2	3	4
<u>Remuneration Committee</u>	(2)		
The board may set up a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.	(2) i	Yes	
To avoid conflicts of interest, the remuneration committee, which would determine the remuneration packages of the executive directors may comprise of at least three directors, all of whom should be non-executive directors, the Chairman of committee being an independent director.	(2) ii	Yes	
All the members of the remuneration committee could be present at the meeting.	(2) iii	Yes	All Members usually attend all Committee Meetings, unless prevented by an exigency from attending a Meeting.
The Chairman of the remuneration committee could be present at the Annual General Meeting, to answer the shareholder queries. However, it would be up to the Chairman to decide who should answer the queries.	(2) iv	Yes	The Chairman was present at the Annual General Meeting held on 24.06.2013.
<u>Shareholder Rights</u>	(3)	Yes	
A half-yearly declaration of financial performance including summary of the significant events in last six months, may be sent to each household of shareholders.			



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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
1	2	3	4
<u>Audit qualifications</u> Company may move towards a regime of unqualified financial statements	(4)	Yes	
<u>Training of Board Members</u> A company may train its Board members in the business model of the company as well as the risk profile of the business parameters of the company, their responsibilities as directors, and the best ways to discharge them.	(5)	Yes	Management makes regular presentations to the Board on business model of the Company.
<u>Mechanism for evaluating non-executive Board Members</u> The performance evaluation of non-executive directors could be done by a peer group comprising the entire Board of Directors, excluding the director being evaluated; and Peer Group evaluation could be the mechanism to determine whether to extend/ continue the terms of appointment of non-executive directors.	(6)	Yes	The Company assesses Non- Executive Director's performance based on certain criteria such as attendance and contribution to deliberations at Board/ Committee Meetings.

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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
1	2	3	4
<u>Whistle Blower Policy</u>  The company may establish a mechanism for employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. This mechanism could also provide for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit committee in exceptional cases. Once established, the existence of the mechanism may be appropriately communicated within the organization.	(7)	Yes	

RALLIS INDIA LIMITED

(P. S. MEHERHOMJI)  
COMPANY SECRETARY