



## RALLIS INDIA LIMITED

Corporate Identity No. L36992MH1948PLC014083

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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: 30<sup>th</sup> June, 2015

Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
1	2	3	4
<b><u>II. Board of Directors</u></b>	49 II		
<b><u>Composition of Board</u></b>	49 II (A)		
The Board of Directors of the company shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty percent of the Board of Directors comprising non-executive directors.	49 II (A)(1)	Yes	
Where the Chairman of the Board is a non-executive director, at least one-third of the Board should comprise independent directors and in case the company does not have a regular non-executive Chairman, at least half of the Board should comprise independent directors. Provided that where the regular 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 II (A)(2)	Yes	

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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
<u>Independent Directors</u>	49 II (B)		
Limit on number of directorships	49 II (B) (2)	Yes	
Maximum tenure of Independent Directors	49 II (B) (3)	Yes	
Formal letter of appointment to Independent Directors	49 II (B) (4)	Yes	
Performance evaluation of Independent Directors	49 II (B) (5)	Yes	
Separate meetings of the Independent Directors	49 II (B) (6)	Yes	
Familiarisation programme for Independent Directors	49 II (B) (7)	Yes	
<u>Non- Executive Directors' compensation &amp; disclosures</u>	49 II (C)	Yes	
<u>Other provisions as to Board and Committees</u>	49 II (D)		
The Board shall meet at least four times a year, with a maximum time gap of one hundred and twenty days between any two meetings. The minimum information to be made available to the Board is given in Annexure - X to the Listing Agreement.	49 II (D)(1)	Yes	
A director shall not be a member in more than ten committees or act as Chairman of more than five committees across all companies in which he is a director. Furthermore, every director shall inform the company about the committee positions he occupies in other companies and notify changes as and when they take place.	49 II (D)(2)	Yes	



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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
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 II (D)(3)	Yes	
An independent director who resigns or is removed from the Board of the Company shall be replaced by a new independent director at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.	49 II D (4)	N.A.	No vacancy of Independent Director has occurred during the last quarter.
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 shall not apply.	49 II D (5)	N.A.	
The Board of the company shall satisfy itself that plans are in place for orderly succession for appointments to the Board and to senior management.	49 II D (6)	Yes	
<u>Code of conduct</u>	49 II (E)		
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 II (E) (1)	Yes	

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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
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 II (E) (2)	Yes	
The Code of Conduct shall suitably incorporate the duties of Independent Directors as laid down in the Companies Act, 2013.	49 II (E) (3)	Yes	
An independent director shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently with respect of the provisions contained in the Listing Agreement.	49 II (E) (4)	Yes	
<u>Whistle Blower Policy</u>	49 II (F)		
The company shall establish a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy.	49 II (F)(1)	Yes	
This mechanism should also provide for adequate safeguards against victimization of director(s) / employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.	49 II (F)(2)	Yes	

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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
The details of establishment of such mechanism shall be disclosed by the company on its website and in the Board's report.	49 II (F)(3)	Yes	
<b><u>Audit Committee</u></b>	49 III		
<b><u>Qualified &amp; Independent Audit Committee</u></b>	49 III (A)		
The audit committee shall have minimum three directors as members. Two-thirds of the members of audit committee shall be independent directors.	49 III (A) (1)	Yes	
All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise.	49 III (A) (2)	Yes	
The Chairman of the Audit Committee shall be an independent director.	49 III (A) (3)	Yes	
The Chairman of the Audit Committee shall be present at Annual General Meeting to answer shareholder queries.	49 III (A) (4)	Yes	Chairman of the Committee was present at the Annual General Meeting held on 29.06.2015
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 III (A) (5)	Yes	

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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
The Company Secretary shall act as the secretary to the committee.	49 III (A) (6)	Yes	
Meeting of Audit Committee	49 III (B)	Yes	
Powers of Audit Committee	49 III (C)	Yes	
<u>Role of Audit Committee</u>	49 III (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 III (D) (1)	Yes	
Recommendation for appointment, remuneration and terms of appointment of auditors of the company.	49 III (D) (2)	Yes	
Approval of payment to statutory auditors for any other services rendered by the statutory auditors.	49 III (D) (3)	Yes	
Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval.	49 III (D) (4)	Yes	
Reviewing, with the management, the quarterly financial statements before submission to the board for approval.	49 III (D) (5)	Yes	

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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
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 III (D) (6)	N.A.	
Review and monitor the auditor's independence and performance, and effectiveness of audit process.	49 III (D) (7)	Yes	
Approval or any subsequent modification of transactions of the company with related parties.	49 III (D) (8)	Yes	
Scrutiny of inter-corporate loans and investments.	49 III (D) (9)	Yes	
Valuation of undertakings or assets of the company, wherever it is necessary.	49 III (D) (10)	Yes	
Evaluation of internal financial controls and risk management systems.	49 III (D) (11)	Yes	
Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems	49 III (D) (12)	Yes	

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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
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 III (D) (13)	Yes	
Discussion with internal auditors of any significant findings and follow up there on.	49 III (D) (14)	Yes	
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 III (D) (15)	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 III (D) (16)	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 III (D) (17)	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.	49 III (D) (18)	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 and background, etc. of the candidate.	49 III (D) (19)	N.A	

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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.	49 III (D) (20)	Yes	
<b><u>Review of Information by Audit Committee</u></b>	49 III (E)		
Management discussion and analysis of financial condition and results of operations.	49 III (E) (1)	Yes	
Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.	49 III (E) (2)	Yes	
Management letters / letters of internal control weaknesses issued by the statutory auditors.	49 III (E) (3)	Yes	
Internal audit reports relating to internal control weaknesses.	49 III (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 III (E) (5)	Yes	
<b><u>Nomination and Remuneration Committee</u></b>	49 IV		
The company through its Board of Directors shall constitute the nomination and remuneration committee which shall comprise at least three directors, all of whom shall be non-executive directors and at least half shall be independent. Chairman of the committee shall be an independent director. Provided that the chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.	49 IV (A)	Yes	

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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
<b><u>Role of Nomination and Remuneration Committee</u></b>	49 IV (B)		
Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.	49 IV (B)(1)	Yes	
Formulation of criteria for evaluation of Independent Directors and the Board.	49 IV (B) (2)	Yes	
Devising a policy on Board diversity.	49 IV (B) (3)	Yes	
Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.	49 IV (B) (4)	Yes	
The Chairman of the nomination and remuneration committee could be present at the Annual General Meeting, to answer the shareholders' queries. However, it would be up to the Chairman to decide who should answer the queries.	49 IV (C)	Yes	Chairman of the Committee was present at the Annual General Meeting held on 29.06.2015
<b><u>Subsidiary Companies</u></b>	49 V		
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 V (A)	N.A.	



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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
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 V (B)	Yes	
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 V (C)	Yes	
The company shall formulate a policy for determining 'material' subsidiaries and such policy shall be disclosed on the company's website and a web link thereto shall be provided in the Annual Report.	49 V (D)	Yes	
For the purpose of this clause, a subsidiary shall be considered as material if the investment of the company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty per cent of the consolidated income of the company during the previous financial year.	49 V (E)	N.A	
No company shall dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.	49 V (F)	N.A	

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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.	49 V (G)	N.A	
<b><u>Risk Management</u></b>	49 VI		
The company shall lay down procedures to inform Board members about the risk assessment and minimization procedures.	49 VI (A)	Yes	
The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company.	49 VI (B)	Yes	
The company through its Board of Directors shall constitute a Risk Management Committee. The Board shall define the roles and responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit.	49 VI (C)	N.A	
The majority of Committee shall consist of members of the Board of Directors.	49 VI (D)	N.A	
Senior executives of the Company may be members of the said Committee but the Chairman of the Committee shall be a member of the Board of Directors.	49 VI (E)	N.A	



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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
<b><u>Related Party Transactions</u></b>	49 VII		
A related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.	49 VII (A)	Yes	
For the purpose of Clause 49 (VII), an entity shall be considered as related to the Company if: (i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or (ii) such entity is a related party under the applicable accounting standards.	49 VII (B)	Yes	
The Company shall formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.  Provided that a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.	49 VII (C)	Yes	
All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:	49 VII (D)	Yes	



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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.	49 VII (D) (a)	Yes	
The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;	49 VII (D) (b)	Yes	
Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction	49 VII (D) (c)	Yes	
Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given	49 VII (D) (d)	Yes	
Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year	49 VII (D) (e)	Yes	



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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
All material Related Party Transactions shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions	49 VII (E)	N.A	
<b>Disclosures</b>	49 VIII		
<u>Related party transactions</u>	49 VIII (A)		
Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.	49 VIII (A)(1)	N.A.	There were no material transactions with related parties during the quarter ended 30 <sup>th</sup> June, 2015.
The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report	49 VIII (A)(2)	Yes	
Disclosure of Accounting Treatment	49 VIII (B)	Yes	Explanation will be provided in the Corporate Governance Report whenever there is a difference.
Remuneration of Directors	49 VIII (C)	Yes	
<u>Management</u>	49 VIII (D)		
Management Discussion and Analysis Report	49 VIII (D) (1)	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 VIII (D) (2)	Yes	



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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
The Code of Conduct for the Board of Directors and the senior management shall be disclosed on the website of the company.	49 VIII (D) (3)	Yes	
<u>Shareholders</u>	49 VIII (E)		
In case of the appointment of a new director or re-appointment of a director the shareholders must be provided with the information relating to him.	49 VIII (E) (1)	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 VIII (E) (2)	Yes	
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 VIII (E) (3)	Yes	
A committee under the Chairmanship of a non-executive director and such other members as may be decided by the Board of the company shall be formed to specifically look into the redressal of grievances of shareholders, debenture holders and other security holders. This Committee shall be designated as 'Stakeholders Relationship Committee' and shall consider and resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends.	49 VIII (E) (4)	Yes	





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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
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 VIII (E) (5)	Yes	
Proceeds from public issues, rights issue, preferential issues, etc.	49 VIII (F)	N.A.	
<b>CEO/ CFO Certification</b>	49 IX		
The CEO or the Managing Director or manager or in their absence, a Whole Time Director appointed in terms of Companies Act, 2013 and the CFO shall certify to the Board.	49 IX	Yes	
<b>Report on Corporate Governance</b>	49 X		
There shall be a separate section on Corporate Governance in the Annual Reports of 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 X (A)	Yes	
The companies shall submit a quarterly compliance report to the stock exchanges within 15 days from the close of quarter as per the format given in Annexure – XI. The report shall be signed either by the Compliance Officer or the Chief Executive Officer of the company.	49 X (B)	Yes	



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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
<b>Compliance</b>	49 XI		
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 XI (A)	Yes	
<b>Non Mandatory Requirement</b>	Annexure XIII		
<b>The Board:</b> 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.	(1)	Yes	Since the 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.
<b>Shareholder Rights:</b> 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.	(2)	Yes	
<b>Audit qualifications:</b> Company may move towards a regime of unqualified financial statements.	(3)	Yes	
<b>Separate posts of Chairman and CEO:</b> The company may appoint separate persons to the post of Chairman and Managing Director/CEO.	(4)	Yes	



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Particulars	Clause of Listing agreement	Compliance Status (Yes/No/N.A.)	Remarks
Reporting of Internal Auditor:  The Internal auditor may report directly to the Audit Committee.	(5)	Yes	Internal Auditor reports functionally to the Audit Committee Chairman.

RALLIS INDIA LIMITED

(P. S. MEHERHOMJI)  
COMPANY SECRETARY