

## Annexure – I

### REPORT ON CORPORATE GOVERNANCE

#### 1. Corporate Governance Philosophy

The Management believes that corporate growth, goals, transparency and enhanced stakeholder value are to be achieved only through good Corporate Governance.

#### 2. a) Board of Directors

The Board of Directors of the Company as on 31 March, 2019 comprised of:

Sl. No	Name	Designation	Executive/ Non Executive Director	Promoter/ Independent Director	No. of other Companies in which he is a Director	Committee in which he is Member /Chairman
1	Dr. S. Rajkumar	Managing Director & Vice Chairman	Executive	Promoter	6	3/4
2	Mrs. Rajee Rajkumar	Director	Non Executive	Non Independent	1	0
3	Mr.S.Subramoniam	Director	Non Executive	Non- Independent	4	0
4	Mrs.E.Kamalam	Director	Non Executive	Non- Independent	0	0
5	Mr.U.Gururaja Bhat	Director	Non Executive	Independent	1	1/4
6	Mr. G. Raghavan	Director	Non Executive	Independent	2	2/5
7	Mr. N. Subramanian	Director	Non Executive	Independent	3	1/7
8	Mr.Akhilesh Agarwal	Director	Non Executive	Non-Independent	8	0/1
9	Mr. Visakh Rajkumar	Director	Non Executive	Non-Independent	2	0/0

During the Year, Mr. Visakh Rajkumar (DIN:- 07079475) was appointed as Additional Director by the Board of Directors in their meeting held on February 13, 2019.

During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors apart from sitting fees.

#### 2 b) Performance Evaluation:

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out the annual Performance Evaluation of its own performance, the Directors Individually as well as the working of its Committees.

Various aspects of the Board's functioning were evaluated 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 judgment, 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.

#### 3. Board Meetings and Annual General Meeting & Directors' Attendance

During the financial year 2018-19, the Board of Directors of the Company met 4 times on June 12, 2018 which was adjourned on June 13, 2018, August 13, 2018, November 14, 2018 and February 13, 2019.

The Annual General Meeting of the Company for the financial year 2017-18 was held on September 29, 2018.

Attendance of each director, at the Board Meetings held during the year 2018-19 and at the last Annual General Meeting is as follows:

<u>Sl. No.</u>	<u>Name</u>	<u>Board Meetings</u>		<u>Last AGM</u>
		<u>Entitled to attend</u>	<u>Attended</u>	<u>Attended</u>
1	Dr. S. Rajkumar	4	4	Yes
2	Mr.S.Subramoniam	4	1	No
3	Mrs.E.Kamalam	4	1	No
4	Mr.U.Gururaja Bhat	4	3	Yes
5	Mr. G Raghavan	4	4	Yes
6	Mr. N. Subramanian	4	4	Yes
7	Mrs. Rajee Rajkumar	4	3	Yes
8	Mr. Akhilesh Agarwal	5	2	Yes
9	Visakh Rajkumar	1	0	No

#### 4. Audit Committee

By constituting an independent and qualified Audit Committee, the Company has complied with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 relating to the composition of the Audit Committee. The Committee reviews:

the financial reporting by ensuring compliance with Accounting Standards and review Financial Policies of the Company; review and monitor the auditor's independence and performance, and effectiveness of audit process; recommend the appointment of Statutory Auditors/ internal auditors and fix their remuneration; approval or any subsequent modification of transactions of the company with related parties; scrutiny of inter-corporate loans and investments; valuation of undertakings or assets of the company, wherever it is necessary; evaluation of internal financial controls and risk management systems and monitoring the end use of funds raised through public offers and related matters.

The Audit Committee consists of the following members:

<u>Sl. No.</u>	<u>Name</u>	<u>Designation</u>	<u>Independent / Non Independent</u>	<u>No. of Meeting Attended</u>
1	Mr. U. Gururaja Bhat	Member	Independent	3
2	Mr. G Raghavan	Member (w.e.f. 24.06.2017)	Independent	4
3	Mr. N. Subramanian	Chairman (w.e.f 24.06.2017)	Independent	4

During the year 2018-19, Four Audit Committee Meetings were held on June 12, 2018, August 13, 2018, November 14, 2018 and February 13, 2019.

## 5. Nomination & Remuneration Committee

Nomination & Remuneration Committee consists of the following members:

Sl. No.	Name	Designation	Independent / Non Independent	No. of Meeting Attended
1	Mr. U. Gururaja Bhat	Member	Independent	2
2	Mr. G Raghavan	Chairman (w.e.f. 24.06.2017)	Independent	3
3	Mr. N. Subramanian	Member (w.e.f. 24.06.2017)	Independent	3

During the year 2018-19, Nomination and Remuneration Committee Meeting was held 3 times on June 12, 2018 , August 13, 2018, and February 13, 2019

### 5a) Remuneration to Directors

Neither Remuneration nor Sitting Fee is paid to Managing Director/ Whole-time Director of the Company.

The Non-Executive directors are remunerated by way of sitting fees as decided by the Board of Directors of the Company from time to time for attending Board/ Committee meetings.

The Company has not granted any stock option to any of its Directors. Details of remuneration paid to the Directors are given in Extract of Annual Return in Form MGT – 9 at Annexure I.

## 6. Shareholders Relationship Committee

The Shareholders Relationship Committee's composition and the terms of reference meet with the requirements of provisions of the Companies Act, 2013. It is primarily responsible to consider and review all matters connected with the Company's transfer of securities and redressal of shareholders/ investors/ security holders' complaints and to resolve the grievances of security holders of the Company.

Sl. No.	Name	Designation	Independent / Non Independent
1	Mr. U. Gururaja Bhat	Chairman	Independent
2	Dr S. Rajkumar	Member	Non-Independent
3	Mr. N Subramanian	Member	Independent

During the year 2018-19, Stakeholders Relationship Committee Meeting was held 4 times on June 12, 2018, August 13, 2018, November 14, 2018 and February 13, 2019.

## 7. Status of Investor Grievances

Name & designation of compliance officer	Mr.R. Ponnambalam, Company Secretary
Number of pending complaints as on 01.04.2018	Nil
Number of shareholders complaints received during 2018-19	Nil

Number of complaints resolved to the satisfaction of shareholders	Nil
Number of pending complaints as on 31.03.2019	Nil

### 8. Risk Management Committee.

Our Risk Management Committee comprises the following Members:

Sl. No.	Name	Designation	Independent / Non Independent
1	Mr. U. Gururaja Bhat	Chairman	Independent
2	Mr. G Raghavan	Member	Independent
3	Mr. N Subramanian	Member	Independent

The purpose of the committee is to assist the Board in fulfilling its corporate governance duties by overseeing the responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and environmental risks. The committee has the overall responsibility of monitoring and approving the risk policies and associated practices of the Company. The Company's Risk Management Policy is placed in the Company's website [www.sreekailas.com](http://www.sreekailas.com).

During the financial year, no meetings of Risk Management Committee was convened

### 9. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee consists of the following members:

Sl. No.	Name	Designation	Independent / Non Independent
1	Dr. S Rajkumar	Chairman	Non Independent
2	Mr. Akhilesh Agarwal	Member	Non Independent
3	Mr. N Subramanian	Member	Independent

During the financial year, no meetings of Corporate Social Responsibility Committee was convened.

### 10. Share Allotment / Transfer Committee

The Share Allotment/Transfer committee meeting consists of the following members:

Sl. No.	Name	Designation	Independent / Non Independent
1	Dr S. Rajkumar	Chairman	Non-Independent
2	Mr. G Raghavan	Member	Independent
3	Mr.N Subramanian	Member	Independent

During the financial year, 1 meeting of Share Allotment/Transfer Committee was convened on June 12, 2018

## 10. Machinery Disposal Committee

The Share Allotment/Transfer committee meeting consists of the following members:

Sl. No.	Name	Designation	Independent / Non Independent
1	Dr S. Rajkumar	Chairman	Non-Independent
2	Mr. G Raghavan	Member	Independent
3	Mr.N Subramanian	Member	Independent

During the financial year, 1 meeting of Machinery Disposal Committee was convened on September 7, 2018

The Machinery Disposal Committee was dissolved in the meeting of Board of Directors held on May 28, 2019

## 12. Code of Conduct

The code of Conduct for all the members of the Board and senior management of the Company has been posted on the website of the Company: [www.sreekailas.com](http://www.sreekailas.com). All Board members and senior management personnel (as per Regulation 26(3) of the Listing Regulations) have affirmed compliance with the applicable Code of Conduct. A declaration to this effect forms part of this Report.

### 13a. Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, the directors or the management, their relatives, etc. that have potential conflict with the interest of the Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of the members is drawn to the disclosures of transactions with the related parties set out in Notes on Accounts forming part of the Annual Report. All related party transactions are negotiated on arms length basis and are only intended to further the interests of the Company. Companies Policy on Related Party is uploaded in the Company Website [www.sreekailas.com](http://www.sreekailas.com).

### 13b. Details of non-compliance by the Company, penalties imposed on the Company by the Stock Exchange or SEBI or any other statutory authority, on any matter related to the capital markets, during the last three years.

The Company has been levied a penalty of Rs.17,296/- (Rupees Seventeen Thousand Two Hundred and Ninety Six only) by Bombay Stock Exchange on the ground that the Company has made a delay of 49 days in submitting application for listing of 9,05,000 (Nine Lakhs Fifty Thousand) equity shares of Rs.10/- (Rupees Ten only) each allotted vide conversion of 9,05,000 (Nine Lakhs Fifty Thousand) Listed Convertible Equity Share Warrants. The Company has made an appeal to Securities Appellate Tribunal for setting aside the penalty and SAT vide its order dated April 30, 2019 has directed the Company to make an application to Securities and Exchange Board of India (SEBI) for relief. The Company has submitted its application to SEBI and is awaiting their decision.

Further the Company has received Show Cause Notice dated July 16, 2019 from Investor and Education Protection Fund Authority (IEPF), Ministry of Corporate Affairs, Government of India under Section 124(7) of the Companies Act, 2013 for not transferring the shares relating to dividend unclaimed or unpaid for seven years to IEPF. The Company has submitted its response to the IEPF authority vide letter dated August 13, 2019 and is awaiting their response in relation to the same.

### 13c. Disclosures on Accounting Treatment

Disclosures of accounting treatment wherever applicable have been made in the Audited Financial Accounts for the year ended March 31, 2019.

### **13d. Board Disclosures – Risk Management**

The Company has laid down procedures to inform the Board Members about the risk assessment and minimization procedures and they are being reviewed periodically. The Risk Management Policy is uploaded in the Company Website [www.sreekailas.com](http://www.sreekailas.com).

### **14. CEO /CFO Certification**

A Certificate from CEO and CFO has been placed before the Board confirming that:

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain 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) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls and that they have evaluated the effectiveness of the internal control systems of the company and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit Committee:
  - (i) Significant changes in internal control during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) They have not come across any instances of significant fraud and involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

### **Particulars of Employees**

None of the employees of the company fall under the provisions of section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Following statement containing the details of the Remuneration of Directors, KMPs and Employees as required under Section 197(12) of the Act, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Information pursuant to Section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014 is as follows:-

SI.No	Particulars	
1	Percentage of increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer and Company Secretary	NIL
2	Median remuneration of all the employees of the Company for the Financial Year 2018-19	Rs. 3,60,000
3	Percentage increase in the median remuneration of the employees in the Financial year 2018-19	NIL
4	Number of permanent employees on the rolls of the Company as on March 31, 2019	6
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: There were no change in the salary of both the employees and KMP	NIL
6	Ratio of the remuneration of each to the median remuneration of all the employees of the Company in the FY 2018-19	Not Applicable as none of the directors are paid any remuneration
7	The remuneration is as per the remuneration policy of the Company	

8) Top Ten Employees in terms of remuneration drawn:-

Sr. No	Name	Designation	Remuneration Received (Per annum)	Nature of employment - whether contractual or otherwise	Qualification	Experience (No. of Years)	Date of commencement of employment	Age (in years)	Last Employment and Designation	% of equity shares held by the employee in the company	Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager
1	Ratheesh K Pai	Deputy General Manager	4,80,000	Permanent	Diploma Electrical	22	01/03/93	55	Employment started in Sree sakthi paper Mills Ltd	NIL	No
2	Ayyappan Pillai S	General Manager Commercial officer	4,80,000	Contractual	BA	3	10/01/17	65	Sreegiri Packaging Ltd, Manager	NIL	No
3	Vinod Kumar	Deputy General Manager	6,12,000	Contractual	BA, LLB	22	02/02/96	57	Employment started in Sree sakthi paper Mills Ltd	NIL	No

4	Sridharan V N	CFO	3,60,000	Permanent	Chartered Accountant	41	01/10/16	67	Hindustan Newsprint Ltd, Director and CEO	NIL	No
5	Parvathy P	Sr. Manager - Finance & Accounts	3,30,000	Contractual	Mcom	26	04/01/93	56	Employment started in Sree sakthi paper Mills Ltd	NIL	No
6	Jayakumar M	Deputy General Manager	4,80,000	Permanent	Bcom	26	18/03/93	54	Employment started in Sree sakthi paper Mills Ltd	NIL	No
7	Manoj G Parat	Manager (Personnel & Administration)	3,60,000	Permanent	M com	23	01/06/06	55	Wyeth Limited – Junior Accountant	NIL	No
8	Vipin Remanan	Assistant Company Secretary	3,30,000	Permanent	ACS Inter	8	18/07/18	30	KLM Axiva Finvest Ltd	NIL	No
9	Latheef K K	Security Officer	2,40,000	Permanent	BA	7	07/02/11	48	Employment started in Sree sakthi paper Mills Ltd	NIL	No
10	Betsy Rani T B	Senior Executive Accounts	3,28,488	Permanent	M Com	14	21/11/05	40	V M Santhosh & Co., Executive	NIL	No

### 15. Annual General Meetings

The details of the last 3 Annual General Meetings and Special Resolutions passed by the Company are noted below:

Year	Location	Date	Time	Special Resolution
2016	Hotel Abad Plaza M.G.Road, Ernakulam Cochin – 35	Friday 30.12.2016	2.00 PM	NIL
2017	Hotel Abad Plaza M.G.Road, Ernakulam Cochin – 35	Friday 29.12.2017	2.00 PM	1. Change in name of the Company
2018	Hotel Abad Plaza M.G.Road, Ernakulam Cochin – 35	Saturday 29.12.2018	2.00 P.M	1. Change in name of the Company 2. Appointment of Mr. Uliar Gururaja Bhat as an Independent Director



## 16. Means of Communication

The Company's corporate website, [www.sreekailas.com](http://www.sreekailas.com) provides comprehensive information to the Shareholders. The Financial Results are generally published in 'Financial Express, the English Daily Newspaper and in 'Deepika, in Malayalam Daily Newspaper. The Results are also placed on the Company's website, [www.sreekailas.com](http://www.sreekailas.com). The Company also have the practice of sending directly to the investor copy of results on quarterly basis as part of good corporate governance measure.

## 17. General Shareholder Information

AGM: Date, time & venue	:	Date :- September 30, 2019 Time :- 2.00 p.m Venue:- Hotel Abad Plaza,M.G.Road, Ernakulam, Cochin – 35	
Financial Year	:	April 01 to March 31	
Financial Calendar (tentative and subject to change)	:	28 <sup>th</sup> May, 2019	Audited results for 2018-19
	:	12 <sup>th</sup> August, 2019	First Quarter Results for 2019-20
	:	30 <sup>th</sup> September 2019	Annual General Meeting for 2018-19
	:	November 2019	Second Quarter Results for 2019-20
	:	February 2020	Third Quarter Results for 2019-20
	:	May 2020	Audited results for 2019-20
	:	September 2020	Annual General Meeting for 2019-20
Date of Book closure	:	21.09.2019 to 28.09.2019 (both days inclusive)	
Dividend Payment Date	:	No Dividend Declared during the financial year under review	
Listing on Stock Exchanges	:	The Equity Shares and Convertible Equity Share Warrants of the Company have been listed on Bombay Stock Exchange	
Payment of Annual Listing Fees to the Stock Exchange	:	Listing Fee has been paid to the Stock Exchange, in which the Company's Equity Shares are listed, upto March 31, 2019	
Stock Code	:	Under Demat System the ISIN allotted to the Company's Equity Shares is : INE266H01014 and to the Company's Convertible Equity Share Warrant is INE266H13019. The Company's Stock Code is 532701	

**Market Price Data (BSE)**

Month	Open	High	Low	Close	* Spread	
					H-L	C-O
Apr-18	7.50	11.40	7.20	10.50	4.20	3.00
May-18	10.05	11.02	8.17	8.76	2.85	-1.29
Jun-18	9.19	10.10	6.60	8.00	3.50	-1.19
Jul-18	8.20	9.90	6.60	7.20	3.30	-1.00
Aug-18	7.15	8.64	6.00	6.52	2.64	-0.63
Sep-18	6.95	8.79	6.20	6.65	2.59	-0.35
Oct-18	6.90	7.35	5.60	6.27	1.75	-0.63
Nov-18	6.02	7.39	5.56	6.25	1.83	0.23
Dec-18	6.70	7.74	5.76	6.50	1.98	-0.02
Jan-19	6.83	7.59	6.03	6.61	1.56	-0.23
Feb-19	6.79	7.00	5.20	5.59	1.80	-1.20
Mar-19	5.60	6.40	5.38	5.65	1.02	-0.05

Registrar and Transfer Agents and Share transfer System	:	M/s. Bigshare Services Private Limited, E/2, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (E), Mumbai - 400 072, Tel: 022-28470652, Fax: 022-28475207". Both physical and demat transfers are done through the Registrar and Transfer Agents. The shares of the Company are under compulsory demat mode.				
Distribution of Equity Shareholding as March 31, 2019	:	<b>Distribution</b>	<b>No. of share Holder</b>	<b>% of shareholders</b>	<b>No. of shares</b>	<b>% of share Holding</b>
		1 – 5000	7888	97.49	3269057	17.96
		5001-10000	94	1.13	666178	3.66
		10001-20000	48	0.58	694238	3.81
		20001-30000	27	0.08	638653	3.51
		30001-40000	7	0.32	249298	1.37
		40001-50000	4	0.05	190322	1.05
		50001-100000	10	0.13	712475	3.91
		100001 & above	18	0.22	11780996	64.73
		<b>TOTAL</b>	<b>8,096</b>	<b>100</b>	<b>18201217</b>	<b>100.00</b>

Equity Shareholding pattern as on March 31, 2019	<b>Category No. of share Holder</b>			<b>No. of shares held</b>	<b>% of share Holding</b>
	<b>A. Promoters Holdings</b> Promoter & promoter group			9418191	51.75
	<b>B. Non Promoters Holding</b> Individuals Corporate Bodies NBFCs NRI Clearing Member Directors & Relatives			7269626 500080 200 860180 136924 16016	39.94 2.75 0.00 4.73 0.75 0.09
<b>Grand Total</b>			<b>18201217</b>	<b>100.00</b>	
Name and number of shares held and percentage share holding of entities / persons holding more than 1% shares of the Company as on March 31, 2019	<b>Name</b>	<b>No. of shares held</b>	<b>% of share holding</b>	<b>Category</b>	
	S Rajkumar	8511205	46.76	Promoters - Resident Indians	
	Raja Ram	717689	3.94	Public - Non Resident Indian (Non-Repatriable)	
	Anand Mohan	334000	1.83	Public - Resident Indians	
	Rajee Rajkumar	285544	1.57	Promoters - Resident Indians	
	Vignesh	276705	1.52	Promoters - Resident Indians	
	Sivakala Ganesh	223039	1.23	Public - Resident Indians	
	Balram Bharwani	200000	1.10	Public - Resident Indians	
	<b>Total</b>	<b>10548182</b>	<b>57.95</b>		
Dematerialization of shares and liquidity	Break up of Shares as on 31/03/2019 a) In dematerialized mode NSDL - 12353381 CDSL - 4071778 b) In Physical mode 11058 <b>Total - 16436217</b> 100% of Shares of Promotor and Promoters group were dematerialized pursuant to SEBI Circular No: ISD /3/2011 dt. 17.06.2011.				
Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity	As on the beginning of the financial year 2018-19, 21,40,000 (Twenty One Lakhs and Forty Thousand) Listed Convertible Equity Share Warrants (warrants) allotted to Mr. S Rajkumar was pending for conversion to Equity Shares. Out of the same, approval for conversion of 9,05,000 (Nine Lakhs and Five Thousand) & 9,50,000 (Nine Lakhs and Fifty Thousand) warrants into equity shares was rendered by the Board of Directors in their meetings held on June 12, 2018 & August 30, 2019. Further the Board in their meeting held on August 30, 2019 has decided to forfeit the balance 2,85,000 (Two lakhs and Eighty Five Thousand) warrants as the tenure of the same gets expired by September 29, 2019 and has recommended the same for the approval of shareholders in the ensuing General Meeting.				
Address for correspondence	<b>Cella Space Limited</b> 57/2993, "Sree Kailas", Paliam Road, Ernakulam, Cochin - 682 016, Kerala Tel: 0484 -2373230, 2382182, Fax: 0484-2370395 Email: secretary@sreekailas.com. Web: <a href="http://www.sreekailas.com">www.sreekailas.com</a>				

**DECLARATION-**

All the members of the Board of Directors of the Company and Senior Management of the Company have affirmed compliance of the Code of conduct for the year ended March 31, 2019. The Code of Conduct laid down for all Board members and Senior Management of the Company is posted on the website of the Company.

**Chennai – 17**  
**Date: 30/08/2019**

**On behalf of the Board of Directors**  
**Sd/- Sd/-**  
**S.Rajkumar N.Subramanian**  
**Managing Director Director**