

REPORT ON CORPORATE GOVERNANCE



Corporate Governance is essentially a system by which Companies are governed and controlled by the management under the direction and supervision of the Board in the best interest of all stakeholders.

The Board of Directors is responsible for and committed to sound principles of Corporate Governance in the Company. We, North Eastern Carrying Corporation Limited, meet the requirement on Corporate Governance under Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also follows the Secretarial Standards issued by Institute of Company Secretaries of India (ICSI).

1. COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company’s philosophy on the Code of Governance is based on the belief that effective Corporate Governance practices constitute a strong foundation on which successful commercial enterprises are built to last. Your Company lays great emphasis on a corporate culture of conscience, integrity, fairness, transparency, accountability and responsibility for efficient and ethical conduct of its business. The driving forces of Corporate Governance at North Eastern Carrying Corporation Limited are its core values-belief in people, entrepreneurship, customer orientation and the pursuit of excellence.

NECC Corporate Governance Framework

| In spirit and Letter: | Transparency: | Stakeholder relationship: | Corporate structure: | Management as a Trustee: |
|--|---|---|---|--|
| satisfy both the Spirit of the law and letter of the Law | Ensure transparency and maintain a high level of Disclosure | Communicate, externally and truthfully, about how the Company is running internally | Have a simple and transparent corporate structure driven solely by business needs | Management is the trustee of the Shareholders’ capital and not the owner |

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for its employees and Directors. The Company’s Corporate Governance philosophy has been further strengthened through the Code of Conduct for Prevention of Insider Trading and the Code of Fair Disclosure. The Company has in place Whistle Blower Policy which ensures corruption free work environment.

The Company is in compliance with the requirements stipulated under Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI Listing Regulations, as applicable, with regard to Corporate Governance.

2. BOARD OF DIRECTORS

The Board of Directors provides leadership and guidance, objective judgment and at the same time monitors the strategic direction of the Company. The Company is headed by an Executive Chairman. The Directors of NECC has the requisite qualification, expertise and experience that allow them to efficiently manage the business of the Company and make effective contribution to the Board and its Committees. Further, in the opinion of the Board, the Independent Directors fulfill the conditions specified in listing regulations and are independent of the management.

A. Composition of the Board

The key to good Corporate Governance is the optimum combination of the executive and non-executive Directors on the Board. As on March 31, 2019, the Board at NECC comprised of 6 Directors, out of which 2 were Executive Directors and the other three comprising of half of the Total Board are Independent Directors. One Director is Non-executive Non Independent Women Director. All the three Non-Executive Directors are Independent Directors free from any business or other relationship that could materially influence their judgment. All the Independent Directors satisfy the criteria of independence as defined under the Companies Act, 2013 and the Listing Regulations.

The Composition of Board of Directors as on March 31, 2019 was as follows:-

| S. No. | Name of the Director | Director Identification Number (DIN) | Position |
|--------------------------------|----------------------|--------------------------------------|--------------------------------|
| Executive Directors | | | |
| 1. | Mr. Sunil Kumar Jain | 00010695 | Chairman and Managing Director |
| 2. | Mr. Utkarsh Jain | 05271884 | Whole Time Director |
| Non Executive Directors | | | |
| 3. | Mr. Manoj Kumar Jain | 01887411 | Independent Director |
| 4. | Mr. Mohak Jain | 02525330 | Independent Director |
| 5. | Mr. Utsav Jain | 01609344 | Independent Director |
| 6. | Mrs. Reena Gupta | 06966728 | Non-Independent Director |

B. Other provisions as to Board and its Committees

i. Details of Board Meetings held during the financial year 2018-19

The Company follows a methodized process of decision-making by the Board and its Committees. The meeting dates are usually finalized in accordance with a pre-determined meeting calendar for the year and consultation with all Directors. All Agenda and explanatory notes (except for price sensitive information, which are circulated separately before the meeting) are normally sent to the Directors well in advance for the Meetings of the Board and Committees thereof. The Chairman & Managing Director of the Company decides inclusion of any matter in the agenda for discussion in the meeting of the Board/ Committees thereof. The Meetings of the Board of Directors are normally held at Registered Office of the Company during office hours. The Company is also complying with the Secretarial Standards issued by the Institute of Company Secretaries of India in respect of Meetings of Board and Shareholders.

During the financial year 2018-19, Eleven (11) meetings of Board of Directors of the Company were held on (i) April 26, 2018; (ii) May 14, 2018; (iii) May 30, 2018; (iv) July 13, 2018; (v) August 13, 2018; (vi) September 07, 2018; (vii) November 13, 2018; (viii) December 10, 2018; (ix) January 08, 2019; (x) February 14, 2019 and (xi) March 15, 2019.

ii. Details of Director's attendance at Board Meetings and AGM held during the financial year 2018-19 and as per amended SEBI Listing Regulations, number of other Directorships/Committee Memberships:

| Sl. No. | Name of Director | Meetings held during the tenure | Board Meetings | | Attendance at last AGM (held on September 28, 2018) | As on March 31, 2019 | | | |
|---------|----------------------|---------------------------------|----------------|--------------------------|---|----------------------------|------------------------------------|-----------|---|
| | | | Attended | Percentage of attendance | | No. of other Directorships | No. of other Committee Memberships | | Directorships held in other Listed Entities and Category of Directorship* |
| | | | | | | | As Chairman | As Member | |
| 1. | Mr. Sunil Kumar Jain | 11 | 11 | 100 | Present | 10 | - | - | - |
| 2. | Mr. Utkarsh Jain | 11 | 11 | 100 | Present | 11 | - | - | - |
| 3. | Mr. Manoj Kumar Jain | 11 | 9 | 81.82 | Present | 2 | 3 | - | 1. Advik Laboratories Ltd. (Director) 2. MPS Infotecnics Ltd. (Director) |
| 4. | Mr. Mohak Jain | 11 | 9 | 81.82 | Absent | 4 | - | 4 | - |
| 5. | Mr. Utsav Jain | 11 | 8 | 72.73 | Absent | 1 | - | 5 | - |
| 6. | Mrs. Reena Gupta | 11 | 9 | 81.82 | Absent | 1 | - | 2 | 1. AAR Shyam India Investment Co. Ltd. (Director) |
| | | | | | | | | | |

- iii. In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Sunil Kumar Jain, Chairman & Managing Director, shall retire by rotation at the 34th Annual General Meeting of the Company and being eligible, offers himself for re-appointment.
- iv. There is no inter-se relationship between the Directors except with and as on March 31, 2019 none of the Non-Executive Director of the Company holds any shares in the Company.
- v. Key Board skills, expertise, competencies and attributes:

The NECC Board comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its committees.

As per amended SEBI Listing Regulations, the Board has identified the following key skills, expertise, competencies and attributes to enable it to function effectively:

| Parameters of Director qualifications | |
|--|---|
| Financial Management | Planning, organizing, directing and controlling the financial activities which include mobilization and utilization of funds, financial accounting and management control systems, tax planning etc. |
| Logistics & Transportation sector | A significant background in technology and in-depth insight into the various elements of transportation services to customers |
| Risk Management | Forecasting and evaluation of operational risk, credit risk, market risk, interest rate, liquidity, Identifying any potential threats that may occur during the investment/financing process and mitigation of the same |
| Leadership | Extended leadership experience for establishing a clear vision and taking actions for achieving the organizational goals. |
| Board practices and governance | The company Board to develop insights about maintaining board and management accountability, protecting shareholder interests and observing appropriate governance practices |

In the table below, the specific areas of focus or expertise of individual Board member have been highlighted. However, the absence of a mark against a member's name does not necessarily mean the member does not possess the corresponding skill or expertise:

| Key Board qualifications | | | | | |
|---------------------------------|--------------------------|-----------------------------------|-----------------|------------|--------------------------------|
| Name of Director | Area of expertise | | | | |
| | Financial Management | Logistics & Transportation sector | Risk Management | Leadership | Board practices and governance |
| Mr. Sunil Kumar Jain | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Utkarsh Jain | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Manoj Kumar Jain | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Mohak Jain | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Utsav Jain | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mrs. Reena Gupta | ✓ | ✓ | ✓ | ✓ | ✓ |

3. COMMITTEES OF THE BOARD OF DIRECTORS

Committees are a means of improving Board effectiveness in areas where more focused, specialized and extensive discussions are required. Some of the Board functions are performed through specially constituted Board Committees consisting of Executive and Non-Executive / Independent Directors, which then report to the Board. All Committees have formally established terms of reference/ charter which defines the composition, scope and powers of the Committee, subject to revision/amendment as and when required.

As on March 31, 2019, the Board had the following committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders Relationship Committee
4. Risk Management Committee
5. Corporate Social Responsibility Committee

3.1 AUDIT COMMITTEE

(i) The terms of reference of the Audit Committee are as under:

- To comply with the requirements in accordance with Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time and the requirements relating to Listing Regulations, as amended from time to time;
- review and monitor of auditor's independence and performance, and effectiveness of audit process;
- review of annual financial statements and auditor's report thereon before submission to the board for approval;
- approval or any subsequent modification of related party transactions;
- scrutiny of inter-corporate loans and investments;
- evaluation of internal financial controls and risk management systems and other related matters etc.;

ii. As on March 31, 2019, the composition of the Audit Committee was as under:

| S. No. | Name of the Committee Members | Position in the Committee | Number of meetings | | | Attendance at AGM held on September 28, 2018 |
|--------|-------------------------------|---------------------------|--------------------------------|----------|--------------------------|--|
| | | | Held during tenure of Director | Attended | Percentage of attendance | |
| 1. | Mr. Manoj Kumar Jain | Chairman | 5 | 5 | 100 | Yes |
| 2. | Mr. Mohak Jain | Member | 5 | 5 | 100 | No |
| 3. | Mr. Utsav Jain | Member | 5 | 5 | 100 | No |

All members of the Committee are financially literate, with Mr. Manoj Kumar Jain, Chairperson of the Committee, having the relevant accounting and financial management expertise. The Chairman of the Audit Committee was present at the last Annual General Meeting held on September 28, 2018 to answer shareholders' queries.

The quorum for Audit Committee meeting shall either be two members or one third of the members of the Audit Committee, whichever is greater, with at least two Independent Directors present for the meeting. Further, Chief Financial Officer, Internal Auditor and representatives of Statutory Auditors are invited for the meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Committee.

iii. Meeting Details:

The Audit Committee met at least once in each quarter and the maximum time gap between two Audit Committee meetings did not exceed the limit prescribed in Regulation 18 of the Listing Regulations. During the financial year 2018-19, five (5) meetings of the Audit Committee were held on (i) May 30, 2018; (ii) August 13, 2018; (iii) November 13, 2018; (iv) February 13, 2019; and (v). March 15, 2019.

3.2 NOMINATION AND REMUNERATION COMMITTEE.

(i) The terms of reference of Nomination and Remuneration Committee are as under:

Primary responsibility of the Committee is to identify and nominate suitable candidates for Board membership and as members of Senior Management of the Company. The Committee also formulated policies relating to the remuneration of Directors, Key Managerial Personnel and other employees of the Company. The Company is responsible:

- To comply with the requirements in accordance with Section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time and the requirements relating to Listing Regulations, as amended from time to time
- Identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal;
- Recommending desirable changes in the Board composition, size and diversity, committees structures and processes and other aspects of the Board's functioning;
- formulation of the criteria for determining qualifications, positive attributes and independence of a director;
- formulation of criteria for evaluation of performance of independent directors and the board of directors etc.;

(ii) Nomination & Remuneration Policy

The Company has adopted Nomination and Remuneration Policy for Directors and Key Managerial Personnel. The policy has laid the criteria for determining qualifications, positive attributes and Independence of Director. Pursuant to the provisions of the Companies Act, 2013, and the Listing Regulations, the Board has carried out an Annual Performance Evaluation of its own performance and the Directors individually as well as the evaluation of the working of its Board Governance, Nomination and Remuneration Committee and other committees. The policy lays down the criteria for evaluation of Independent Directors. The policy is available at website of the company at following web link: <http://neccgroup.com/wpcontent/uploads/2015/02/Nomination-Remuneration-Policy.pdf>

(iii) Composition and Attendance during the year

As on March 31, 2019, the composition of the Nomination and Remuneration Committee was as under:

| S. No. | Name of the Committee Members | Category & Position in the Committee | Number of meetings | |
|--------|-------------------------------|--------------------------------------|--------------------------------|----------|
| | | | Held during tenure of Director | Attended |
| 1. | Mr. Manoj Kumar Jain | Chairman & Independent Director | 2 | 2 |
| 2. | Mr. Mohak Jain | Member & Independent Director | 2 | 2 |
| 3. | Mr. Utsav Jain | Member & Independent Director | 2 | 2 |

Mr. Manoj Kumar Jain is the Chairman of the Nomination and Remuneration/Compensation Committee and he attended the previous year Annual General Meeting held on September 28, 2018. As of March 31, 2019, the Committee consisted of three members; all the members are Independent Directors. The composition of the Committee is in compliance with the applicable laws. The Company Secretary of the Company is the Secretary of the Committee.

(iv) Meeting Details:

The Members of Nomination and Remuneration Committee met 2 times on (i) May 30, 2018 and (ii) February 13, 2019.

(v) Remuneration of Directors

The remuneration paid to Whole Time Directors including the Chairman & Managing Director was as per the terms and conditions of their appointment. The details of remuneration paid to Whole Time Directors of the Company:

| S. No | Name | Designation | Salary | Commission | Sitting Fees |
|-------|----------------------|------------------------------|-----------|------------|--------------|
| 1. | Mr. Sunil Kumar Jain | Chairman & Managing Director | 48,00,000 | Nil | Nil |
| 2. | Mr. Utkarsh Jain | Director | 12,00,000 | Nil | Nil |

Remuneration of Non-executive and Independent Director

During the financial year 2018-19, no Remuneration, commission is paid to Independent Directors. The Non Executive Director, Mrs. Reena Gupta was paid sitting fees of Rs.1,00,000/- p.a (Rupees One lakh only) for attending the Board Meetings and Committee meetings in accordance with the provisions of Companies Act, 2013. None of the Non-Executive Directors & Independent Directors have any material pecuniary relationship or transaction with the Company. None of the Directors has been issued any stock options by the Company during the Year or any time in the past. Further, none of the Directors of the Company are in receipt of any Commission from the Company.

(vi) Performance Evaluation Criteria of Independent Directors

The performance evaluation criteria for independent directors is determined by the Nomination and Remuneration Committee and is based upon contribution and involvement of a director, commitment, integrity and maintenance of confidentiality and independence of conduct and judgment.

3.3 STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Company has a Stakeholders' Relationship Committee in term of the provisions of Section 178(5) of the Companies Act, 2013 read with Regulation 20 of the SEBI (LODR) Regulations, 2015. The Committee is responsible for resolving investor's complaints pertaining to share transfers, non-receipt of annual reports, issue of duplicate share certificates, transmission of shares and other shareholder related queries, complaints etc.

i. Terms of Reference

The terms of reference of the Committee, inter-alia includes:

1. Oversee and review all matters connected with the transfer of the Company's securities.
2. Approve issue of the Company's duplicate share certificates and new certificates on split/consolidation/renewal etc. and approves transfer/transmission, dematerialization and rematerialization of equity shares in a timely manner.
3. Consider, resolve and monitor redressal of investors' / shareholders' / security holders' grievances related to transfer of securities, non-receipt of Annual Report etc.
4. Carry out any other function as is referred by the Board from time to time and / or enforced by any statutory notification / amendment or modification as may be applicable.

ii. Composition and Attendance during the year

Mr. Manoj Kumar Jain is the Chairman of the Stakeholders' Relationship Committee. The composition of the Committee is in compliance with the applicable laws. The Company Secretary of the Company is the Secretary of the Committee and also the Compliance officer of the Company.

| S. No. | Name of the Committee Members | Category & Position in the Committee | Number of meetings | |
|--------|-------------------------------|--------------------------------------|--------------------------------|----------|
| | | | Held during tenure of Director | Attended |
| 1. | Mr. Manoj Kumar Jain | Chairman & Independent Director | 4 | 4 |
| 2. | Mr. Mohak Jain | Member & Independent Director | 4 | 4 |
| 3. | Mr. Utsav Jain | Member & Independent Director | 4 | 4 |

Mr. Manoj Kumar Jain, Chairman of the Stakeholders' Relationship Committee was present at the Annual General Meeting held on September 28, 2018.

iii. Meeting Details:

The Members of Stakeholders' Relationship Committee met 4 times on (i) May 30, 2018; (ii) August 13, 2018; (iii) November 13, 2018; and (iv) February 13, 2019 to review the status of pending of Shareholders/investors grievances.

iv. Status of Shareholders/Investors Grievances

The Company has been attending to all investor grievances expeditiously and promptly. Status of Shareholders/ Investors Grievances pursuant to Regulation 13(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 for the financial year 2018-19, is as follows:

| Particulars | Number of Complaints |
|--|----------------------|
| Pending at the beginning of the financial year | Nil |
| Received during the financial year | Nil |
| Disposed during the financial year | Nil |
| Remaining unresolved as on March 31, 2019 | Nil |

3.4 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The CSR Committee of the Company is constituted in accordance with the provisions of Section 135 of the Companies Act, 2013 and rules made under.

i. Terms of Reference

The role of CSR Committee is according to Companies Act, 2013 as amended from time to time and to do any other activity delegated by the Board. The terms of reference of the Committee is to, inter-alia includes:

1. to formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
2. to monitor the Corporate Social Responsibility Policy of the Company from time to time;
3. to recommend the amount of expenditure to be incurred on the activities
4. to institute a transparent monitoring mechanism for implementation of the CSR projects / programmes / activities undertaken by the Company;
5. to periodically submit the reports to the Board of Directors for their information, consideration and necessary directions etc.

ii. Composition and Attendance during the year

During the financial year 2018-19, the “Corporate Social Responsibility Committee” comprised of the following Members:

| S. No. | Name of Member | Category & Position in the Committee | Number of meetings | |
|--------|----------------------|--------------------------------------|--------------------------------|----------|
| | | | Held during tenure of Director | Attended |
| 1. | Mr. Sunil Kumar Jain | Chairman & Executive Director | 2 | 2 |
| 2. | Mrs. Reena Gupta | Member & Non-Executive Director | 2 | 2 |
| 3. | Mr. Utsav Jain | Member & Independent Director | 2 | 2 |
| 4. | Mr. Shyam Lal Yadav | Executive Member | 2 | 2 |
| 5. | Mr. Vinod Nair | Executive Member | 2 | 2 |

Mr. Sunil Kumar Jain is the Chairman of the Committee and the Company Secretary of the Company acts as the Secretary of the Committee. The details of the CSR initiatives as per the CSR Policy of the Company forms part of the CSR Section of this Annual Report.

iii. Meeting Details:

The Members of CSR Committee met 2 times on (i) August 13, 2018; and (ii) March 15, 2019.

3.5 RISK MANAGEMENT COMMITTEE

Pursuant to the provisions of Regulation 21(5) of the SEBI Listing Regulations mandates top 500 listed entities, determined on the basis of market capitalization to constitute a Risk Management Committee. Although non-mandatory, the Company has constituted the Risk Management Committee of the Board.

i. Terms of Reference

The terms of reference of the Risk Management Committee to the extent applicable to NECC are as follows:

1. Defines overall risk appetite and defines the risk management culture.
2. Boards of Directors are responsible for overall implementation of risk management strategy in the whole organization.
3. Agree on assignment of risk responses to risk owners..
4. Assumes overall responsibility for the agency’s system of internal control.
5. Reviews performance, progress, and compliance with risk management process.
6. Any other matter as the Risk Management Committee may deem appropriate after approval of the Board of Directors or as may be directed by Board of Directors of the Company

ii. Composition and Attendance during the year

During the financial year 2018-19, the “Risk Management Committee” comprised of the following Members:

| S. No. | Name of Member | Category & Position in the Committee | Number of meetings | |
|--------|---------------------|--------------------------------------|--------------------------------|----------|
| | | | Held during tenure of Director | Attended |
| 1. | Mrs. Reena Gupta | Member & Non-Executive Director | 2 | 2 |
| 2. | Mr. Utsav Jain | Member & Independent Director | 2 | 2 |
| 3. | Mr. Mohak Jain | Member & Independent Director | 2 | 2 |
| 4. | Mr. Shyam Lal Yadav | Executive Member | 2 | 2 |

iii. Meeting Details:

The Members of Risk Management Committee met 2 times on (i) August 13, 2018; and (ii) March 15, 2019.

4. GENERAL BODY MEETINGS

The details of last three Annual General Meetings of the Company are given below and special resolution passed:

| Financial Year | Date | Time | Venue | Special Resolutions passed |
|----------------|--------------------|------------|---|--|
| 2017-18 | September 28, 2018 | 10.00 A.M. | B-2, Aadarsh Sadan, Ashok Vihar, Phase-II, Delhi-110052 | 1) To re-appoint Mr. Sunil Kumar Jain as Managing Director of the Company 2) To re-appoint Mr. Utkarsh Jain as Whole Time Director of the Company 3) To re-appoint Mr. Manoj Kumar Jain as Independent Director of the Company 4) To re-appoint Mr. Utsav Jain as Independent Director of the Company 5) To re-appoint Mr. Mohak Jain as Independent Director of the Company |
| 2016-17 | September 28, 2017 | 10.00 A.M. | B-2, Aadarsh Sadan, Ashok Vihar, Phase-II, Delhi-110052 | No Special Resolution was passed. |
| 2015-16 | September 30, 2016 | 11.00 A.M. | 9062/47, Ram Bagh, Azad Market, Delhi-110006 | 1) Variation in the terms of appointment of Mr. Sunil Kumar Jain, Managing Director of the Company. 2) Variation in the terms of appointment of Mr. Utkarsh Jain, Whole-time Director of the Company. |

During the financial year ended March 31, 2019, no special resolution was passed through postal ballot.

Further, the Company will continue to provide e-voting facility in the ensuing AGM to enable shareholders to exercise their right to vote through electronic means and the e-voting portal will be kept open for such period as mentioned in the Notice of 34th AGM.

5. SERVICE OF DOCUMENTS THROUGH ELECTRONIC MEANS

The Companies Act, 2013 permits companies to send documents like Notice of Annual General Meeting, Annual Report and other documents through electronic means to its members at their registered email addresses, besides sending the same in physical form.

As a responsible Corporate Citizen, your Company has actively supported the paperless initiative and Digitalization move and effected electronic delivery of Notice and Annual Report and other documents to those shareholders whose email ids were registered with the respective Depository Participants (DPs). Members, who have not registered their e-mail addresses so far, are requested to register their e-mail address with their Depository Participant (DP) or with the Registrar and Share Transfer Agent (R&TA) of the Company, for receiving communications in electronic form

6. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year and none of the transaction was in conflict with the interest of the Company. The transactions with related parties are included in the Notes to Accounts as per applicable provisions of Companies Act, 2013. The particulars of Related Party Transactions are given in form AOC-2 annexed to the Board's Report. The Board has approved a policy for related party transactions which has been uploaded on the Company's website. The web-link is given below:

<http://www.neccgroup.com/wp-content/uploads/2016/03/Policy-on-Related-PartyTransaction-NECC.pdf>

7. DISCLOSURES

- (i) The Company has complied with all the requirements of Listing Regulations, the Companies Act, 2013, Secretarial Standards and other statutory authorities on all matters relating to the capital market during the past, including the preceding three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authorities relating to the above.
- (ii) As required under statutory provisions, all returns /reports were filed within stipulated time with stock exchanges/ other authorities.

- (iii) The Company has complied with the requirements of Regulation 17 to 27 of Listing Regulations, as amended from time to time, relating to Board, Committees and Corporate Governance requirements and related to maintaining & updating the website of the Company as required under Regulation 46 of Listing Regulations. The Company has also complied with the disclosure requirements under Corporate Governance Report as per Part C of Schedule V of the Listing Regulations.
- Further, in compliance of Regulation 46 of Listing Regulations, the Company has inter-alia disclosed the information relating to details of business of the Company, terms and conditions of appointment of Independent Directors, composition of various committees of Board of Directors, Code of Business Conduct and Ethics for Board Members and Senior Management on NECC's website at www.necgroup.com. Details of establishment of Vigil Mechanism/ Whistle Blower policy, Policy on dealing with Related Party transactions, details of familiarization programme imparted to Independent Directors and Policy for determination of materiality of events for disclosure to the stock exchanges, etc. are also available on NECC's website at www.necgroup.com. The Company affirms that a Whistle Blower Policy/ Vigil Mechanism is in place and no person has been denied access to the Competent Authority.
- (iv) The Company has laid down the procedure to inform the Board about the risk assessment and minimization. The Board of Directors of the Company reviews the procedures to ensure that the integrated risks are managed through a properly defined framework.
- (v) The Company has not entered into any material, financial or commercial transactions with the Directors or the Management or their relatives or the companies and firms, etc., in which they are either directly or through their relatives interested as Directors and/or Partners.
- (vi) All members of Senior Management have made 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 (e.g. dealing in Company shares, commercial dealings with bodies which have shareholding of management and their relatives etc.) and there was no such instance of conflict for financial year 2018-19.
- (vii) There were no materially significant transactions with related parties i.e. Promoters, Directors or the management, conflicting with the Company's interest. The Independent Directors do not hold any equity shares of the Company..
- (viii) The Balance Sheet, Statement of Profit & Loss, Statement of changes in equity and Cash Flow Statement for the financial year 2018-19 have been prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS"), as amended, and other accounting principles generally accepted in India.
- (ix) The disclosures in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 forms part of the Board's report.
- (x) The Company has adopted all mandatory items and some of the non-mandatory items on Corporate Governance. The status of non-mandatory requirements pertaining to Corporate Governance section of Listing Regulations is as follows:
- **The Board:** The Company is headed by an Executive Chairman.
 - **Shareholder Rights:** The Company is making available to the shareholders / investors all information timely, to enable them to be sufficiently informed of the major decisions of the Company.
 - **Audit Qualifications:** There are no audit qualifications pertaining to financial year 2018-19 and it is always Company's endeavor to maintain unqualified financial statements.
 - **Separate posts of Chairman and CEO** - There is no separate post of Chairman and CEO. The role of CEO is being performed by Chairman and Managing Director of the Company.
 - **Reporting of Internal Auditor** - The internal auditor of the Company are invited to the Meetings of the Audit Committee and directly report all their observations to the Audit Committee.

8. CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT

NECC has a "Code of Conduct for Board Members and Senior Management", which is a comprehensive code applicable to all the Directors, Key Managerial and Senior Management Personnel of the Company. The said Code was duly amended after the introduction of Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, in supersession of the earlier Code of Conduct.

A copy of the Code of Conduct is available on the website of the Company at www.necgroup.com. Based on the affirmation received from the Board Members and Senior Management Personnel, a declaration regarding Compliance of Code of Conduct from Chairman and Managing Director of the Company is as under:

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, All Board Members and Senior Management have affirmed compliance with the "Code of Conduct for Board Members and Senior Management of the Company for the financial year ended March 31, 2019.

Place: Delhi
Date: 13.08.2019

Sd/-
(Sunil Kumar Jain)
Chairman & Managing Director
DIN: 00010695

9. WHISTLE BLOWER POLICY

The Company has a Whistle Blower Policy in place, in terms of Companies Act, 2013 read with rules made thereunder and Listing Regulations. The Whistle Blower Policy enables Directors/ Employees of NECC to raise concerns regarding any alleged malpractice or wrong doing, which could affect the business or reputation of the Company. The complaint can be made to the Competent Authority in the manner prescribed under the Policy. The Whistle Blower Policy is available on the website of the Company.

A declaration by the Chairman and Managing Director that he has not denied any Director / Employee of NECC to access to the Competent Authority and that he has provided adequate safeguards and protection to the Complainants / Whistle Blowers from adverse personnel action during the financial year ended March 31, 2019 is as under:

ANNUAL AFFIRMATION IN TERMS OF WHISTLE BLOWER POLICY OF THE COMPANY

During the financial year 2018-19, no person has been denied access to the Competent Authority and necessary system has been put in place, to provide protection to the complainant, wherever required.

Place: Delhi
Date: 13.08.2019

Sd/-
(Sunil Kumar Jain)
Chairman & Managing Director
DIN: 00010695

10. MEANS OF COMMUNICATION**(i) Financial Results**

The Company's Quarterly/Half-Yearly/Annual Results are intimated to stock exchanges and published within 48 hours of the conclusion of the meeting of the Board in which they are considered in financial and national newspapers like Financial Express (English) and Jansatta (Hindi). These results and all other announcements are also made available on Company's website at www.neccgroup.com.

(ii) Website

The 'Investors Relation' section on the website of the Company contains all the relevant information pertinent to the shareholders i.e. financial results, annual reports, shareholding patterns, official news releases, Notices and other general information about the Company.

11. CEO/CFO CERTIFICATE

The certificate as required pursuant to Regulation 17(8) of the Listing Regulations is furnished by the Managing Director and the Chief Financial Officer of the Company to the Board of Directors of the Company with respect to accuracy of financial statements and adequacy of internal controls.

12. GENERAL SHAREHOLDER INFORMATION.

1. Annual General Meeting for the financial year 2018-19

| Day and Date | Time | Venue |
|----------------------------|------------|--|
| Monday, September 30, 2019 | 10.00 A.M. | B-2 Aadarsh Sadan, Ashok Vihar Phase-II Delhi-110052 |

2. Financial Calendar

The financial year of the Company starts from the 1st day of April and ends on 31st day of March of next year. Our tentative calendar for declaration of results for the financial year 2019-20 is as given below:

| Quarter ending | Release of Results |
|--|-------------------------------|
| For the Quarter ending June 30, 2019 | Second week of August, 2019 |
| For the Quarter and half year ending September 30, 2019 | Second week of November, 2019 |
| For the Quarter and nine months ending December 31, 2019 | Second week of February, 2020 |
| For the year ending March 31, 2020 | Last week of May, 2020 |

In addition, the Board may meet on other dates as and when required.]

3. Book Closure Date

The Register of Members and Share Transfer Books of the Company will remain closed from **Tuesday, September 24, 2019 to Monday, September 30, 2019 (both days inclusive).**

4. Listing of Equity Shares

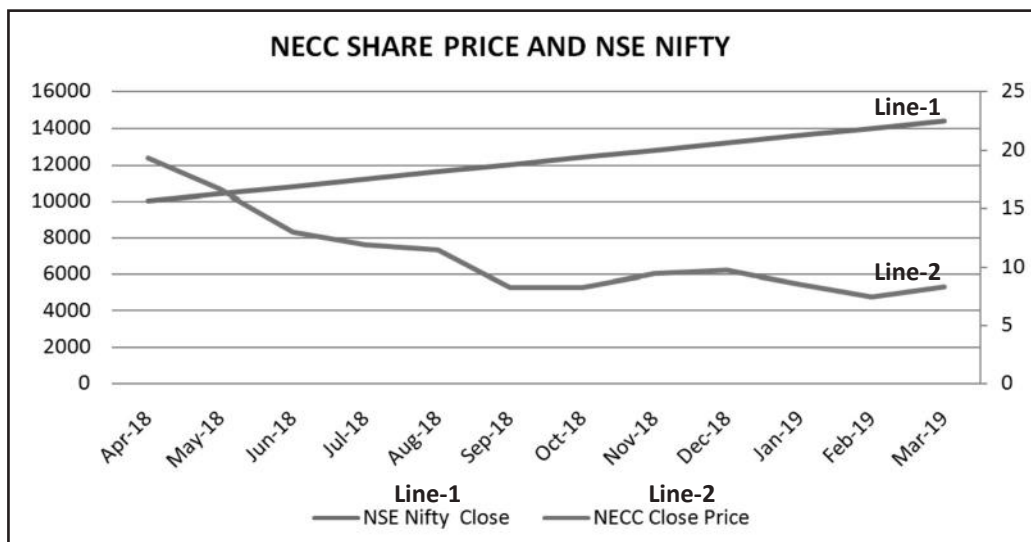
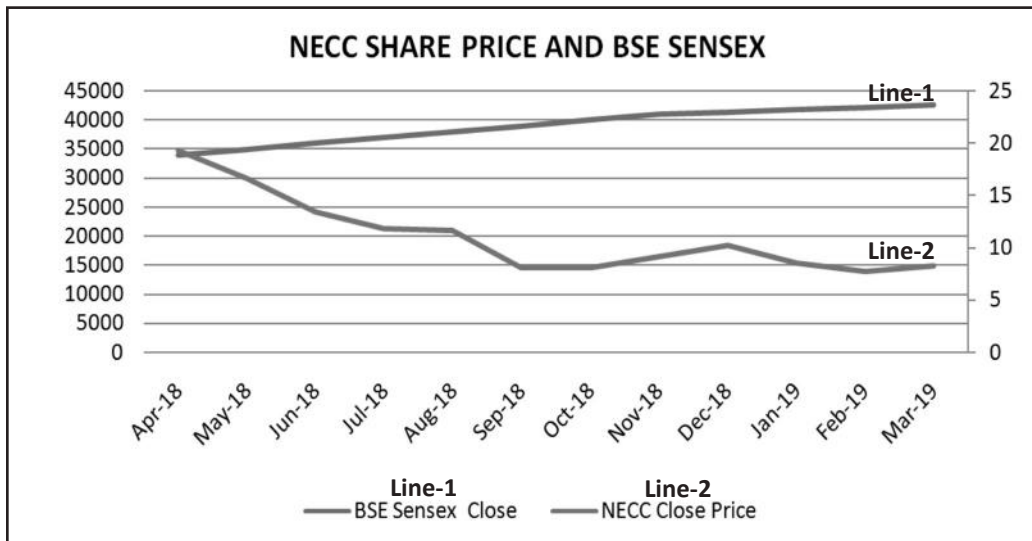
Equity shares of NECC are listed on the following Stock Exchanges:

| Name & Address of the Stock Exchanges | Scrip Code | Address | ISIN Number For NSDL /CDSL (Dematerialized Shares) |
|---|------------|---|--|
| National Stock Exchange of India Limited(NSE) | NECCCLTD | Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400051 | INE553C01016 |
| BSE Limited | 534615 | Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-4000 01 | |

5. Market price data for the financial year 2018-19

Market Price data- the monthly high and low prices of the Company's shares at BSE and NSE for the financial year 2018-19 are as follows:

| Month | Performance of NECC share at NSE | | | | Performance of NECC share at BSE | | | |
|--|----------------------------------|-------------|---------------|--|----------------------------------|-------------|---------------|--|
| | High (in Rs) | Low (in Rs) | Close (in Rs) | Total No. of Equity Shares Traded (in Lakhs) | High (in Rs) | Low (in Rs) | Close (in Rs) | Total No. of Equity Shares Traded (in Lakhs) |
| April, 2018 | 21.60 | 16.3 | 19.30 | 18.35 | 22 | 16.20 | 19.35 | 3.19 |
| May, 2018 | 19.90 | 15.5 | 16.65 | 08.44 | 20 | 15.10 | 16.65 | 1.84 |
| June, 2018 | 17.15 | 12.75 | 13.00 | 05.70 | 17.3 | 13.00 | 13.45 | 1.37 |
| July, 2018 | 13.40 | 09.20 | 11.95 | 07.68 | 15.2 | 10.30 | 11.86 | 2.33 |
| August, 2018 | 13.50 | 11.15 | 11.50 | 06.06 | 13.5 | 11.25 | 11.67 | 1.62 |
| September, 2018 | 11.80 | 07.65 | 08.20 | 05.24 | 12.1 | 7.67 | 8.09 | 1.03 |
| October, 2018 | 9.65 | 06.80 | 08.20 | 06.98 | 9.4 | 6.51 | 8.15 | 1.51 |
| November, 2018 | 12.50 | 07.85 | 09.45 | 15.10 | 12.99 | 7.60 | 9.19 | 3.28 |
| December, 2018 | 10.60 | 09.00 | 09.75 | 03.35 | 11.4 | 8.83 | 10.22 | 0.77 |
| January, 2019 | 10.05 | 08.20 | 08.50 | 02.71 | 10 | 8.11 | 8.53 | 0.67 |
| February, 2019 | 08.80 | 07.00 | 07.40 | 04.35 | 9.45 | 6.70 | 7.75 | 0.98 |
| March, 2019 | 10.20 | 07.45 | 08.30 | 09.72 | 10.24 | 7.30 | 8.29 | 1.96 |
| Total Shares traded during the year | | | | 93.68 | | | | 20.59. |



6. Registrar and Share Transfer Agent

MAS Services Limited
T-34, IIInd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020
Tel: +91-11-2638 7281/82/83, Fax: +91-11-2638 7384
E-mail: info@masserv.com, Website: www.masserv.com

7. Share Transfer System

The Board of Directors of the Company delegated the authority to approve the transfer of shares, transmission of shares, issue of duplicate shares, split, consolidation and renewal of share certificates to the Stakeholders' Relationship Committee of the Board of Directors.

All the Documents received from shareholders are scrutinized by the RTA, MAS Services Limited. The Share lodged for transfer, etc are processed and share certificates duly endorsed are returned within stipulated time, subject to documents being valid and complete in all aspects. A summary of approved transfers, transmissions, deletion requests, etc. are placed before the Board of Directors from time to time as per the Listing Regulations.

Further, pursuant to Regulation 40(9) & (10) of Listing Regulations, a Certificate from Practicing Company Secretary on half yearly basis confirming due compliance of share transfer formalities by the Company has been submitted to Stock Exchanges within stipulated time. Further, it is also confirmed that all transfer of shares were completed within the prescribed time period.

SEBI through its Press Release dated December 3, 2018 has prescribed that with effect from April 1, 2019; requests for effecting transfer of securities (except transmission or transposition cases) shall not be processed unless the securities are held in the dematerialized form with a depository. Accordingly, we request you to convert your shareholdings from physical form to Demat form at the earliest, in existing demat account or new demat account to be opened with any Depository Participant.

8. Reconciliation of Share Capital Audit Report

A qualified practicing Company Secretary, M/s Ashish Kumar Friends & Co., Delhi carries out quarterly audit to reconcile the total admitted equity share capital with NSDL and CDSL and the total issued and listed equity share capital and the same was submitted to the Stock Exchanges within the stipulated time.

9. Distribution of Shareholding

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2019

| Shareholding of Nominal Value (in Rs.) | Number of shareholders | % to Total shareholders | Total Shares | Amount (in Rs.) | % of shares |
|--|------------------------|-------------------------|-----------------|------------------|---------------|
| 1-5000 | 16174 | 97.64 | 8284729 | 82847290 | 16.50 |
| 5001 - 10000 | 245 | 1.43 | 1754539 | 17545390 | 3.50 |
| 10001 - 20000 | 99 | 0.58 | 1395911 | 13959110 | 2.78 |
| 20001 - 30000 | 25 | 0.15 | 614449 | 6144490 | 1.22 |
| 30001 - 40000 | 4 | 0.02 | 139732 | 1397320 | 0.28 |
| 40001 - 50000 | 8 | 0.05 | 360163 | 3601630 | 0.72 |
| 50001 - 100000 | 13 | 0.08 | 920506 | 9205060 | 1.83 |
| 100001 and above | 12 | 0.07 | 36727307 | 367273070 | 73.17 |
| Total | 16580 | 100 | 50197336 | 501973360 | 100.00 |

SHAREHOLDING PATTERN AS ON MARCH 31, 2019

| S. No. | Category of Shareholders | No. of Shareholders | No. of Shares | Percentage |
|--------|------------------------------|---------------------|-----------------|------------|
| 1 | Promoter & Promoter Group* | 5 | 27440110 | 54.66 |
| 2 | Foreign Portfolio Investors | 2 | 400229 | 0.80 |
| 3 | Financial Institutions Banks | 1 | 30116 | 0.06 |
| 4 | Individual | 16325 | 15143765 | 30.17 |
| 5 | Non resident Indians | 62 | 218056 | 0.43 |
| 6 | Clearing Members | 73 | 204781 | 0.41 |
| 7 | Bodies Corporate | 112 | 6760279 | 13.47 |
| | Total | 16580 | 50197336 | 100 |

*Statement showing Shareholding of persons belonging to the category "Promoter and Promoter Group" as on March 31, 2019

| S. No. | Name of Promoter | Total Shares held | |
|--------|----------------------------------|-------------------|----------------|
| | | Number | Percentage (%) |
| 1. | Sunil Kumar Jain | 7663768 | 15.27 |
| 3 | Utkarsh Jain | 153910 | 0.31 |
| 4. | NECC Securities Private Limited | 7656880 | 15.25 |
| 5. | NECC Automobiles Private Limited | 8334152 | 16.60 |
| 6. | Suvi Developers Private Limited | 3631400 | 7.23 |

10. Dematerialization of Shares and Liquidity

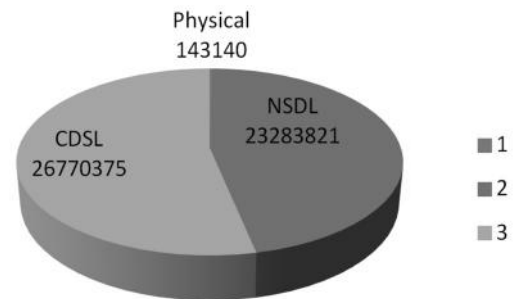
The shares of the Company is under process of dematerialized segment and available for trading under systems of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The names and addresses of the Depositories are as under:

| | |
|---|--|
| National Securities Depository Limited Trade World, 4th Floor, Kamala Mills Compound Senapathi Bapat Marg, Lower Parel, Mumbai-400 013 | Central Depository Services (India) Limited Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai-400 023 |
|---|--|

Further, Shareholders who continue to hold shares in Physical form are advised to dematerialize their shares at the earlier. As mandated by SEBI the requests for effecting transfer of listed securities shall not be processed unless the securities are held in the dematerialized form with a depository participant. Members holding shares in physical mode are also required to submit their Permanent Account Number (PAN) and bank account along with the cancelled cheque bearing the name of shareholder or copy of bank passbook / statement attested by Bank to the Company / RTA, if not registered with the Company, as mandated by SEBI.

The details of number of shares held in dematerialized and physical form as on March 31, 2019 was as under

| Category | Number of Shareholders | Number of Shares |
|--------------|------------------------|------------------|
| Physical | 97 | 143140 |
| NSDL | 7002 | 23283821 |
| CDSL | 9614 | 26770375 |
| Total | 16713* | 50197336 |



*Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/128 dated December 19, 2017, 133 holders are common in Demat & physical.

11. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion dates and likely impact on equity.

No GDRs/ADRs/Warrants or any Convertible instruments have been issued by the Company.

12. Annual Listing fees to Stock Exchanges

The Company has paid Annual Listing Fees for the financial year 2018-19 to NSE and BSE in relation to its listed securities.

13. Annual Custodial Fees to Depositories

The Company has timely paid the annual custodian fee for financial year 2018-19 to NSDL and CDSL.

14. Plant Locations

As a Company is a Transport & Logistics Company, it does not have any plant unit. However, apart from Registered and Corporate Office, the Company has 250 Branch offices including Branch Offices etc.

15. Address for Communication/Correspondence

North Eastern Carrying Corporation Limited
NECC House, 9062/47, Ram Bagh Road, Azad Market, Delhi-110006
Ph: 011-23517516-19, Fax: 011-23527700
Email ID: cs@neccgroup.com/slyadav@neccgroup.com
Website: www.neccgroup.com

Shareholders are requested to quote their Folio No./ DP ID & Client ID, e-mail address, telephone number and full address while corresponding with the Company and its RTA.

16. Compliance Officer and Public Spokesperson

Ms. Mamta Bisht

Company Secretary & Compliance Officer

NECC House, 9062/47, Ram Bagh Road, Azad Market, Delhi-110006,

Ph: 011-23517516-19, Fax: 011-23527700

Email ID: cs@neccgroup.com

For and on Behalf of the Board of Director of
North Eastern Carrying Corporation Limited

Place: Delhi

Date: 13th August, 2019

Sd/-

(Sunil Kumar Jain)

Chairman and Managing Director

DIN: 00010695