

**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH 2018****1 COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

At Covidh Technologies, Corporate Governance has been an integral part of the way we are doing business. Corporate Governance is based on the principles of integrity, transparency, accountability and Commitment to values. Your Company views its Corporate Governance policies not only to comply with the statutory requirements in letter and spirit but also to aim at implementing the best practices, keeping in view the interest of all the stakeholders.

Your company takes corporate governance as a critical tool to enhance trust of the Company's Customer, employees, investors, Government and Community at large and achieve its goal of maximizing value of all its stakeholders.

The company has adopted a code of conduct for its directors and employees and officers.

**2 Board of Directors:**

**As on March 31, 2018 Company has 5 Directors. The Composition of the Board is given below:**

Category	No. of directors
Non-Executive & Independent	3
Other Non-Executive Directors	-
Executive Director	2
Total	5

The Composition of the Board is in the conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013

The name and categories of Directors on the Board and number of Directorships and Committee Chairmanship/Memberships held by them in other Public Companies as on March 31, 2018 are given herein below:

Name of Director	Date of Appointment	Category	No. of Directorship(s) held in Indian public & private Limited Companies (Including Covidh Technologies Limited)	Committee(s) position	
				Member	Chairman
K.L Upadhyaya	25/03/2013	Director	5	1	-
Suresh Babu G	14/08/2014	Director	3	3	-
A Prabhakara Rao	08/08/2001	Director	7	1	-
Ashok Kumar B	19/10/2015	Director	4	-	2
K Chennamma	24/03/2014	Director	1	-	1
Srinivasa Rao M	30/09/2014	Director	2	3	1
Uday Kumar C	14/08/2014	Director	2	-	-

**3. Attendance at Board Meetings**

The board of directors of the Company meets at least once a quarter to review the quarterly/yearly results and other items on agenda.

Six Board Meetings were held during the year and gap between two meetings did not exceed 120 (one hundred and twenty) days. The dates on which said meetings are held:

- (i) May 30,2017 (ii) December 14, 2017 (iii) September 01,2017 (iv) September 13,2017 (v) February 14, 2018 (vi) March 15, 2018

The necessary quorum was present for all meetings.

The table for the attendance record of the Directors is as given below:

Name of the Director	No of Board Meetings attended
Mr. Alokam Prabhakara Rao	6
Mr. Ashok Kumar Buddhharaju	6
Mr.Suresh Babu Gannamani	6
Mr. K L Upadhyaya	6
Mr. Uday Kumar Chava	6
Mr. Srinivasa Rao Munnangi	6
Mrs. Kanaparathi Chennama	5

#### 4. Meetings of Independent Directors

The Company's Independent Directors meet at least once in a year without presence of Non-Independent directors inter alia to:

- review the performance of non-independent directors and the Board as whole
- review the performance of chairperson , taking into account of views of executive and non-executive directors.
- assess the quality, quantity and timeliness of flow of information between the Company's Management and the board that is necessary for the board to effectively and reasonably perform their duties

During the year under review, the independent directors met on **March 07, 2018** to discuss the aforesaid matters.

All independent directors were present at the meeting.

#### PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (Erstwhile Clause 49 of the Listing Agreement), the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board audits Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

## 5. COMMITTEES OF THE BOARD

### (a) Audit Committee

The Audit Committee has been constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of Companies Act, 2013

The Audit Committee of the Company comprises the majority of Independent Directors. The members of Audit Committee met Five times during the financial year 2017-18 and the committee reviewed the Internal Audit Report, quarterly, half yearly and annual financial statements before submission to the Board.

During the year the Committee meets Five times

The necessary quorum was present for all the meetings.

The composition of the Audit Committee as at March 31, 2018 and details of the Members participation at the Meetings of the Committee are as under:

Name of Director	Designation	Attendance at the Committee Meetings held on				
		30.05.2017	01.09.2017	13.09.2017	04.12.2017	14.02.2018
Ashok Kumar B	Chairman	P	P	P	P	P
Srinivasa Rao M	Member	P	P	P	P	P
G Suresh Babu	Member	P	P	P	P	P

The terms of reference of the Audit Committee comprises the following:

- Oversight of the company's financial reporting process and the disclosure of its financial information;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Approval of payment to statutory auditors for any other services rendered by them;
- Reviewing, with the management, the annual financial statements and auditor's report thereon;
- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report;
- Changes, if any, in accounting policies and practices and reasons for the same;
- Major accounting entries involving estimates based on the exercise of judgment by management;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to financial statements;
- Approval of the related party transactions as per policy of the company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Scrutiny of inter-corporate loans and investments;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal observations by the internal auditors into matters where there is Irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- 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;
- To review the functioning of the Vigil mechanism;
- Management Discussion and Analysis of financial condition and results of operations.
- The Audit Committee shall review the information required as per SEBI Listing Regulations.

The Audit Committee invites such executives, as it considers appropriate, representatives of the statutory auditors and representatives of the internal auditors to be present at its meetings. The Company Secretary acts as the Secretary to the Audit Committee

**(b) Nomination & Remuneration Committee**

The Nomination & Remuneration Committee of the Company has been constituted in line with the Provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178 of Companies Act,2013

During the year Committee meets three times on May 30,2017, September 01,2017 &February 14, 2018

The necessary quorum was present for the meeting

The composition of the Committee as at March 31, 2018 and details of the Members participation at the Meetings of the Committee are as under:

<b>Name</b>	<b>Designation</b>	<b>14.02.2018</b>
Ashok Kumar B	Chairman	P
Srinivasa Rao M	Member	P
G Suresh Babu	Member	P

Terms of reference of the Nomination & Remuneration Committee Comprises the following:

- To identify persons who are qualified to become directors and who may be appointed in the senior management, recommend to the Board about their appointment and removal and carry out evaluation of every director's performance;
- Formulation of the criteria for determining the qualifications, positive attributes and independence of the director and recommend to the Board a policy, relating to remuneration of the Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a Policy on Board Diversity

**(c) Stakeholders' Relationship Committee**

The Stakeholder's Relationship Committee of the Company has been constituted in line with provisions of Regulation 20 of SEBI Listing Regulations read with Section 178(5) of Companies Act,2013

During the year one meeting of the Company was held on February 14, 2018

The necessary quorum was present for the meeting

The composition of the Committee as at March 31, 2018 and details of the Members participation at the Meetings of the Committee are as under:

<b>Name of Director</b>	<b>Designation</b>	<b>14.02.2018</b>
Mr. Srinivasa Rao Munnangi	Chairman	P
Mr. K L Upadhyaya	Member	P
Mr. Suresh Babu G	Member	P

During the year no such complaints were received from shareholders as on March 31, 2018

The terms of reference of the Stakeholder's Relationship Committee Comprises:

- transfer/transmission of shares/debentures and such other securities as may be issued by the Company from time to time;
- issue of duplicate share certificates for shares/debentures and other securities reported lost, defaced or destroyed, as per the laid down procedure;

- issue new certificates against subdivision of shares, renewal, split or consolidation of share certificates / certificates relating to other securities;
- issue and allot right shares / bonus shares pursuant to a Rights Issue / Bonus Issue made by the Company, subject to such approvals as may be required;
- to grant Employee Stock Options pursuant to approved Employees' Stock Option Scheme(s), if any, and to allot shares pursuant to options exercised;
- to issue and allot debentures, bonds and other securities, subject to such approvals as may be required;
- to approve and monitor dematerialization of shares / debentures / other securities and all matters incidental or related thereto;
- to authorize the Company Secretary and Head Compliance / other Officers of the Share Department to attend to matters relating to non-receipt of annual reports, notices, non-receipt of declared dividend / interest, change of address for correspondence etc. and to monitor action taken;
- monitoring expeditious redressal of investors / stakeholders grievances;
- all other matters incidental or related to shares, debenture

#### (d) Other Committees

##### (i) Internal Complaint Committee

The company has formed an Internal Complaint Committee as envisaged under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for receiving complaints of sexual harassment.

During the year one meeting of the Company was held on February 14, 2018

The necessary quorum was present for the meeting

The composition of the Committee as at March 31, 2018 and details of the Members participation at the Meetings of the Committee are as under:

Name	Category	14.02.2018
Mrs. K Chennamma	Chairman	P
Mr. Srinivasa Rao M	Member	P
Mr. A. Prabhakara Rao	Member	P

#### 6. Internal Controls

The Company has a formal system of internal control testing which examines both the design effectiveness and operational effectiveness to ensure reliability of financial and operational information and all statutory / regulatory compliances. The Company's business processes are on tally and have a strong monitoring and reporting process resulting in financial discipline and accountability.

#### 7. CEO & MD / CFO Certification

The Chairman & and CFO have issued certificate pursuant to the provisions of Listing Obligations and Disclosure Requirements, Regulations, 2015 (Erstwhile Clause 49(IX) of the Listing Agreement) certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

## 8. CODE OF CONDUCT

The Board of Directors has approved a Code of Business Conduct which is applicable to the Members of the Board and all employees. The Company believes in “Zero Tolerance” to bribery and corruption in any form and the Board has laid down the “Anti-Bribery & Corruption Directive” which forms an Appendix to the Code. The Code has been posted on the Company’s website [www.covidh.com](http://www.covidh.com).

## 9. PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company’s shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary & Head Compliance is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code.

## 10. Means of Communication

i. Half yearly report sent to each shareholders registered address	No
ii. In which newspapers quarterly results were normally published	English & Regional
iii. Any Website where results or official news are displayed	<a href="http://www.covidh.com">www.covidh.com</a>

## 11. Management Discussion & Analysis

Management Discussion & Analysis is covered separately as a part of the Annual Report.

## 12. General Shareholder Information

### (a) Market Information

#### i. Listing on Stock Exchanges

The Company’s shares are listed on the following Stock Exchanges and the Listing Fees have been paid to the Exchanges:

Name & Address of the Stock Exchanges	Stock Code/Script Code	ISIN Number for NSDL/CDSL (Dematerialised share)
BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001	534920	INE899M01012

#### ii. Share Price on BSE vis-à-vis BSE Sensex April 2017 - March 2018

Month	Share Price			No. of shares traded during the month	Turnover
	High	Low	Close		
Apr-17	2.67	1.96	1.96	64	258429
May-17	1.93	1.91	1.91	64	135744
Jun-17	1.91	1.91	1.91	73	194314
Jul-17	1.88	1.7	1.7	52	105789
Aug-17	1.7	1.55	1.55	38	37935
Sep-17	1.52	1.27	1.27	23	51189

Oct-17	1.27	1.04	1.04	42	92492
Nov-17	1.02	0.89	0.89	20	9592
Dec-17	1.02	0.76	1.02	99	233255
Jan-18	1.44	1.02	1.42	87	229852
Feb-18	0	0	00	0	0
Mar-18	0	0	0	0	0

**(b) Share transfer system / dividend and other related matters.**

**i. Share transfers**

Share transfers in physical form are processed and the share certificates are generally returned to the transferees within a period of fifteen days from the date of receipt of transfer provided the transfer documents lodged with the Company are complete in all respects.

**ii. Nomination facility for shareholding**

As per the provisions of the Companies Act, 2013, facility for making nomination is available for Members in respect of shares held by them. Members holding shares in physical form may obtain nomination form, from the Share Department of the Company or download the same from the Company's website. Members holding shares in dematerialized form should contact their Depository Participants (DP) in this regard.

**iii. Permanent Account Number (PAN)**

Members who hold shares in physical form are advised that SEBI has made it mandatory that a copy of the PAN card of the transferee/s, members, surviving joint holders / legal heirs be furnished to the Company while obtaining the services of transfer, transposition, transmission and issue of duplicate share certificates.

**iv. Dividend**

Your Directors feel that it is prudent to plough back the profits for future growth of the Company and do not recommend or declared any dividend whether Interim or final in the financial year ended 31st March, 2018.

**v. Reconciliation of Share Capital Audit**

As required by the Securities & Exchange Board of India (SEBI) quarterly audit of the Company's share capital is being carried out by an independent external auditor with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The Auditors' Certificate in regard to the same is submitted to BSE Limited, Ahmedabad Stock Exchange Limited and Madras Stock Exchange Limited and is also placed before Stakeholders' Relationship Committee and the Board of Directors.

**vii. Dematerialisation of Shares and Liquidity**

The break-up of equity shares held in Physical and Dematerialised form as on March 31, 2018, is given below:

Particulars	No. of Shares	Percentage
Physical Segment	461650	4.36%
NSDL	6064168	57.20%
CDSL	4074182	38.44%
<b>Total</b>	<b>1,06,00,000</b>	<b>100.00%</b>

## viii. Distribution of Shareholding as on March 31, 2018

S No	Category	Holders	Holder %	Shares	Amount	Amount %
1	1 -5000	1652	65.53	551359	5513590	5.2
2	5001-10000	293	11.62	270190	2701900	2.55
3	10001-20000	170	6.74	284515	2845150	2.68
4	20001-30000	77	3.05	202521	2025210	1.91
5	30001-40000	41	1.63	150300	1503000	1.42
6	40001-50000	65	2.58	314771	3147710	2.97
7	50001-100000	90	3.57	688962	6889620	6.5
8	100001 & Above	133	5.28	8137382	81373820	76.77
	<b>Total</b>	<b>2521</b>	<b>100</b>	<b>10600000</b>	<b>106000000</b>	<b>100</b>

## ix. Statement showing Shareholding of more than 1% of the Capital as on March 31, 2018:

S No.	Name of the shareholders	No. of Shares	% of Capital
1	Vinod Bala Marneni	384200	3.79%
2	Goutam Choraria	175000	1.73%
3	N Hima Bindu	166331	1.64%
4	Dinesh M	150841	1.49%
5	SMC Global Securities Ltd	150050	1.48%
6	Ranjan Raju Errama	130000	1.28%
7	Ajit Kumar J Singh	127683	1.26%
8	Phani Raj Ramineni	125000	1.23%
9	Sanivarapu Jhansi	125000	1.23%
	Sameer Bhupendra Mehta	120000	1.18%

## 13. General Body Meetings

Particulars of last three Annual general meetings

AGM	Year ended 31 <sup>st</sup> March,	Venue	Date	Time	Special Resolutions Passed
23rd	2015	Plot No 450, 1st Floor, Road No. 19, Jubilee Hills, Hyderabad 500033	30.12.2015	2.00 P.M.	Yes
24th	2016	Plot No.458, Ground Floor, Road No.19, Jubilee Hills, Hyderabad-500033	30.09.2016	10.00 A.M.	Yes
25th	2017	Plot No.458, Ground Floor, Road No.19, Jubilee Hills, Hyderabad-500033	29.09.2017	10.00A.M	Yes

## Extraordinary General Meeting (EGM)

No EGM was held during the year under review,

**FINANCIAL CALENDAR 2018:**

<b>AGM – Date, time and venue</b>	Date:29.09.2018, Time: 10.00 A.M Address: Plot No 450, 1 <sup>st</sup> Floor, Road No. 19, Jubilee Hills, Hyderabad 500033
<b>Financial Year</b>	2017-18
<b>Book Closure Date</b>	23 <sup>rd</sup> September, 2018 to 29 <sup>th</sup> September, 2018
<b>Stock Code</b>	534920
<b>Registrar &amp; Transfer Agents</b>	Aarathi Consultants Pvt. Ltd 1-2-285, Domalaguda, Hyderabad-500029 Ph. No: 040-27638111, 27634445 Email: <a href="mailto:info@aarthiconsultants.com">info@aarthiconsultants.com</a>
<b>Board Meeting for consideration of Accounts for the financial year ended March 31, 2018</b>	30.05.2018

**For and on behalf of the Board**

Sd/-  
**Prabhakara Rao Alokam**  
**Director**  
**DIN:02263908**

**Place: Hyderabad**  
**Date: 03.09.2018**