

## REPORT ON CORPORATE GOVERNANCE

As per Regulation 34 (3) read along with Schedule V (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes that Corporate Governance is a set of processes, customs, policies, rules, regulation and laws for ensuring transparency, professionalism and accountability in its dealings with its customers, principal, employees, shareholders and with every individual who comes in contact with the Company. The Company's philosophy on Corporate Governance is bounded upon a rich legacy of fair ethical governance practices which has been in practice since the beginning. In fact the company has long been a staunch supporter of this code even before it became mandatory. Integrity, transparency, accountability and compliance with laws which are columns of good governance have always been the hallmark of company. The Company is in full compliance with the requirements of Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in this regard, submits a report on the matters mentioned in the said clause and also the practices followed by the Company as stated below:

### 2. BOARD OF DIRECTORS

- i. Composition, Category and their attendance at the Board meetings during the year and at the last Annual General Meeting as also the number of other company Directorships / Memberships of Committees are as follows:

As on 31st March, 2018 the Board of Directors comprised the Managing Director, one non- executive Director who is also Non-Executive chairman who is a Lady and Two Independent Directors, who bring in a wide range of skill and experience to the Board. The composition of the Board is in conformity with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

CATEGORY OF DIRECTORSHIP	NAMES OF THE DIRECTOR	ATTENDANCE DETAILS		OTHER DIRECTOR SHIPS*	OTHER BOARD COMMITTEE	
		BOARD MEETINGS	LAST AGM 27.09.2018		MEMBER SHIPS	CHAIRMAN SHIPS
Managing Director	Mr. Rajesh Mehra	8	Yes	NIL	-	-
Non-Executive Director and Non Executive Chairman	Mrs Renu Mehra	8	Yes	NIL	-	-
Independent Directors	Mr. Naval Kishore Gupta	4	No	NIL	-	-
	Mr. Kishore Kumar Bajaj	4	No	NIL	-	-

- ii. No. of Board Meetings held during the year along with the dates of the meeting: During the year eighteen Board Meetings were held on following dates:

S.No	Date
1	22.05.2018
2	30.05.2018
3	05.07.2018
4	02.09.2018
5	15.10.2018
6	12.11.2018
7	30.11.2018
8	22.03.2019

- iii. Independent Directors do not hold any shares in the Company .  
Mrs. Renu Mehra, who is non executive director holds 4617700 equity shares in the Company.
- iv. None of other Directors are related to each other except Mr. Mr. Rajesh mehra and Mrs. Renu Mehra. Mrs. Renu Mehra is the wife of Mr. Rajesh Mehra.

### 3. Audit Committee:

#### a) Composition, Meetings and Attendance:

The Audit Committee Comprises of two Independent Directors Mr. Kishore Kumar Bajaj (Chairman) , Mr. Naval Kishore Gupta (Member)and One nonexecutive Director Mrs. Renu Mehra (Member). All the members of Audit Committee are financially literate.

#### NO. OF MEETING HELD OF AUDIT COMMITTEE:

S. No.	Date
1.	10.04.2018
2.	22.05.2018
3.	30.05.2018
4.	22.10.2018
5.	12.11.2018

Term of reference:

#### The brief terms of reference, inter-alia, includes the following:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required being included in the Directors Responsibility Statement to be included in the Board's report in terms of section 134(5) of the Companies Act, 2013

- b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.
- Reviewing with the management, the half yearly and annual financial statements before submission to the board for approval
  - Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  - 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 the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - Discussion with internal auditors on any significant findings and follow up there on.
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  - 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 look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
  - To review the functioning of the Whistle Blower mechanism, in case the same is existing.
  - Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

#### **4. Nomination and Remuneration Committee**

##### **a) Composition:**

The Nomination and Remuneration comprise of two Independent Directors namely Mr. Kishore Kumar Bajaj (Chairman), Mr. Naval Kishore Gupta (Member), and one non –executive Director, Mrs. Renu Mehra (Member).

**NO. OF MEETING HELD.**

S NO.	DATE
1.	30.05.2018
2.	02.09.2018

**b) Terms of reference:**

- To recommend to the Board, the remuneration packages of the Company's Managing/Joint Managing/ Deputy Managing/Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
- To be authorized at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole time/ Executive Directors, including pension rights and any compensation payment;
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee. “

**c) Policy on selection and appointment of Directors and their remuneration.****(a) Criteria of selection of Non-executive Directors**

The Non-executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of marketing, finance, taxation, law, governance and general management.

In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the independent nature of the Directors vis-a-vis the Company so as to enable the Board to discharge its function and duties effectively.

The Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

In case of re-appointment of Non-executive Directors, the Board shall take into consideration the performance evaluation of the Director and his / her engagement level.

Remuneration: The Non- Executive / Independent Directors shall be entitled to receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time and reimbursement of expenses for participation in the Board Meeting. An Independent Director shall not be entitled to any stock option of the Company.

**(b) Managing Director & Whole-Time Director - Criteria for selection / appointment.**

For the purpose of selection of the Managing Director or Whole-Time Director the Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

Remuneration: At the time of appointment or re-appointment, the Managing Director or Whole-Time Director may be paid such remuneration as may be mutually agreed between the Companies (which includes the nomination & Remuneration Committee and the Board of Directors) and the Managing Director or Whole-Time Director within the overall limits prescribed under the Companies Act, 2013.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

**(c) Remuneration policy for senior Management Employees**

In determining the remuneration of the Senior Management Employees the Committee shall ensure the relationship of remuneration and performance benchmark is clear.

**5. Stakeholder Relationship Committee:**

**A. Composition :**

The Stakeholder Relationship Committee comprises of one non-executive Director Mrs. Renu Mehra (Chairman) and two independent Directors Mr. Naval Kishore Gupta, and Mr. Kishore Kumar Bajaj, of the company.

**NO OF MEETING HELD:**

S NO.	DATE
1.	30.05.2018

**Terms of reference:**

- Redressal of shareholders'/investors' complaints;
- Reviewing on a periodic basis the Approval of transfer or transmission of shares, debentures or any other securities made by the Registrar and Share Transfer Agent;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal;
- Non-receipt of declared dividends, balance sheets of the Company; and
- Carrying out any other function as prescribed under the Listing Agreement non-receipt of annual reports etc. and also reviews the reports presented by the Share Transfer Agents of the Company;
  - a) Giving effect to all transfer/transmission of shares and debentures, dematerialization of shares and rematerialization of shares, split and issue of duplicate/ consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;
  - b) Carrying out such other functions as may be specified by the Board from time to time.

**B. Details of Complaints received and resolved during the year ended on 31.03.2019:**

Number of complaints pending at the beginning of the year	Nil
Number of complaints received from shareholders	Nil
Number of complaints redressed	Nil
Number of complaints pending share transfers	Nil

**c. Compliance officer:**

The Board has designated Mrs. Avneet Kaur Bedi as Company Secretary and Compliance Officer

of the Company.

**6. General Body Meetings:**

**A. Date, Time and Location of the last three Annual General Meetings:**

<b>YEAR</b>	<b>LOCATION</b>	<b>DATE</b>	<b>TIME</b>
2017-18	Plot No E-225, Phase – VIII B, Industrial Area, Focal Point, Mohali – 160055	27.09.2018	5.30P.M
2016-17	Plot No E-225, Phase – VIII B, Industrial Area, Focal Point, Mohali – 160055	29.09.2017	11.00 A.M.
2015-16	F-279, Phase-8B, Mohali, Punjab-160055	30.09.2016	11.00 A.M.

**B Date, Time and Location of the last three Extraordinary General Meetings: NIL**

**C. Special Resolutions passed in previous three Annual General Meetings:**

<b>Date of Annual General Meeting</b>	<b>Particulars of Special Resolutions</b>
27.09.2018	Appointment of Mr. Naval Kishore Gupta as an Independent Director Appointment of Mr. Kishore Kumar Bajaj as an Independent Director
29.09.2017	No such Special Resolution was passed.
30.09.2016	No such Special Resolution was passed.

**D. Special Resolutions passed in previous three Extra Ordinary General Meetings: Nil**

**E-Resolution passed by postal ballot during 2018-2019:**

No resolution was passed by postal ballot during the year 2018-2019. At present, the Company does not have any resolution to be decided by members by postal ballot.

**Disclosures:**

- None of the transactions with any of the related parties were in conflict with the interest of the Company.
- None of the Directors of the company are disqualified for being appointed as Directors as stipulated under section 164(2) and rule 14(1) of Companies (Appointment and Qualification of Directors) Rules, 2014 of the Companies Act, 2013.
- The Company promotes ethical behavior in its operations and has a Vigil mechanism which is overseen through the Audit Committee. Under the Vigil Mechanism, employees are free to report violations of applicable laws and regulations and the Code of Conduct. During the year under

review, no employee was denied access to the Audit Committee.

- d. The Company has complied with the mandatory requirements on Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- e. Your Company having no material subsidiary company in terms of Regulation 16 (c) of the SEBI (listing Obligation & Disclosure Requirements) Regulations, 2015.

**Means of Communication:**

- a. These results are also displayed on the Company's Website viz. [www.activesourcing.org](http://www.activesourcing.org).
- b. These results are also submitted to BSE for display on their website [www.bseindia.com](http://www.bseindia.com).
- c. The Management Discussion and Analysis report forms part of this Annual Report.

**General Shareholders Information:**

**a) ANNUAL GENERAL MEETING**

Day, Date & Time	Friday, 27 <sup>th</sup> September, 2019 at 5.30 P.M.
Venue	Plot No. E-225, Phase-VIII B, Industrial Area, Focal Point, Mohali PB 160055

- b) **BOOK CLOSURE** : Monday, 23<sup>rd</sup> September, 2019 to Friday, 27<sup>th</sup> September, 2019 (Both days inclusive)

**c) LISTING ON STOCK EXCHANGES**

BSE SME Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.

Annual Listing Fees, as prescribed has been paid to the Stock Exchange for the year 2018-19.

- d) **STOCK EXCHANGE SCRIP CODE:** 541144 (*BSE-SME*)

- e) **CORPORATE IDENTIFICATION NUMBER:** L51311PB2002PLC033422

- f) **DEMAT ISIN No:** *INE380Z01015*

- g) **SHARE TRANSFERS AND OTHER COMMUNICATIONS SHOULD BE ADDRESSED TO:**

BIGSHARE SERVICES PVT. LTD.

1<sup>st</sup> Floor, Bharat TIN works building, opp. Vasant Oasis Apartments (next to Keys Hotel), Marol Maroshi Road, Andheri East, Mumbai 400059.

Tel.: 022-62638294, Fax: 022-62638299

- i) **INVESTORS' COMPLAINTS MAY BE**

ADDRESSED TO: Compliance Officer

Active Clothing Co Limited

Correspondence and Corporate Office: Plot No. E-225,

Phase-VIII B, Industrial Area, Focal Point, Mohali

Email: [csco@activesourcing.org](mailto:csco@activesourcing.org)