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# Report on Corporate Governance

The Securities and Exchange Board of India (SEBI) ushered in a formal code of corporate governance (hereinafter the code) through clause 49 in the listing agreement executed by the Company with the stock exchanges. Clause 49 lays down several corporate governance practices, which listed companies are required to adopt. The code has been periodically upgraded to ensure the adoption of best corporate governance practices by the corporates. While most of the practices laid down in clause 49 require mandatory compliance, few are recommendatory in nature. This report sets out the compliance status of the Company with the requirements of corporate governance, as set out in clause 49, for the financial year 2015-16.

Your Company has complied, in all material respects, with the features of Corporate Governance code as per Clause 49 of the Listing Agreement with the Stock Exchanges.

The Status of the Corporate Governance code of the Listing Agreement by Amba Enterprises Limited is given below:

## **Company's Philosophy On Code Of Governance**

Amba's Corporate Governance principles are based on the principles of transparency, responsibility, accountability, knowledge and commitment to values. The Company adheres to good corporate practices and is constantly striving to better them and adopt emerging best practices.

The Company firmly believes that these aspects as well as compliances of applicable legislations and timely disclosures enhance the image of the Company and the long term value of all Shareholders and Stakeholders. Broadly, however, good corporate governance practices should aim at striking a balance between interests of various stakeholders on the one hand and the duties and responsibilities of the Board and senior management in overseeing the affairs of the Company on the other.

## **Board Of Directors**

The Board of Directors of the Company are eminent people from various fields who in their individual capacity also focus on following the good governance practises.

The Board oversees various aspects of business operations with an eye on right business practices.

## **Composition of Board and other related matters**

The Board of Directors presently consists of Managing Directors and Three Non-Executive Independent Director, one Non-Executive Director and one is Executive Women Director. Details are as given hereunder.

The Board has received confirmation from the Non-Executive and Independent Directors that they qualify to be considered as independent as per the definition of 'Independent Director' stipulated in Clause 49 (II)(B)(I) of the Listing Agreement and Section 149(6) of the Companies Act, 2013 (hereinafter called "the Act"). None of the Directors of the Company is related to each other. Necessary disclosures regarding committee positions in other public companies as on March 31, 2015 have been made by the Directors.

Sr. No.	Name of Director	Category	No. of Other Directorship	No. of committee positions held in other public companies	
				Other Committee Memberships	Other Committee Chairmanships
1	Mr. Ketan Mehta	Managing Director		3	-
2	Mr. Dinesh Sanjalia	Independent Non - Executive Director		3	-
3	Mr. Rajendra Sanghvi	Independent Non - Executive Director		2	-
4	Mr. Yogesh Kothari	Independent Non - Executive Director		2	2
5	Ms. Sarika Khandre	Independent Executive Director		-	-

### **Board Meetings**

The Board meets at regular intervals. The Board meetings are generally held at the registered office of the Company. During the financial year 2015-16, Four board meetings were held on May 23, 2015, August 14, 2015, November 13, 2015, and February 9, 2016. The gap between two meetings did not exceed 120 days. The required quorum was present at all the above meetings.

The details of the attendance of the Board of Directors at the Board Meetings and the last Annual General Meeting (AGM) are as detailed herein below:

Sr. No.	Name of Director	No. of Board Meetings Held	No of Board Meetings attended	Attendance at the previous AGM
1	Mr. Ketan Mehta	4	4	Yes
2	Mr. Vinay Mehta	2	2	No
3	Mr. Dinesh Sanjalia	4	4	Yes
4	Mr. Rajendra Sanghvi	4	4	Yes
5	Mr. Yogesh Kothari	4	4	No
6	Ms. Sarika Khandre	4	4	No

- Mr. Vinay Mehta Resigned from directorship on 17/08/2015

#### **Meeting Of Independent Directors**

The Company's Independent Directors met on March 31, 2016 without the presence of the Chairman & Managing Director and the Senior Management team. The meeting was attended by all the Independent Directors and was conducted to enable the Independent Directors to discuss matters prescribed under Schedule IV to the Act and Clause 49 of the Listing Agreement.

#### **Code Of Conduct**

The Company has adopted a Code of Conduct ("Code") which applies to all the Board members and Senior Management Personnel of the Company. It is the responsibility of all Board members and Senior Management Personnel to familiarise themselves with Code and comply with its provisions. The Code has been circulated to all the members of the Board and Senior Management Personnel and they have confirmed compliance with the Code.

#### **Other Committees at Board Level**

##### **I. Qualified and Independent Audit Committee**

The Audit Committee at the Board level of your Company acts as a link between the Independent Auditors, the Management and the Board of Directors. The Audit committee interacts with the Independent Auditors and Secretarial Auditors and reviews and recommends their appointment and remuneration. The Audit Committee is provided with all necessary assistance and information for enabling them to carry out its function effectively.

In general the Audit Committee reviews the Audit and internal control procedures, accounting policies and the Company's financial reporting process and ensure that the financial statements are correct, sufficient and credible and exercises the powers as recommended from time to time by SEBI, Stock Exchanges and/or under the Companies Act, 2013. Further your Audit Committee also reviews the following:

- To Oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is corrected, sufficient and credible.
- To Recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- To Approve the payment to statutory auditors for any other services rendered by the statutory auditors.
- To Review with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report
  - 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.
- To Review with the management, the quarterly financial statements before submission to the board for approval
- To Review with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- To Review with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- To Review 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.
- To discuss with internal auditors any significant findings and follow up there on.
- To Review 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.
- To discuss 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.
- To carry out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee comprises of three members, namely, Mr. Yogesh Kothari, and Mr. Rajendra Sanghvi, as an Independent & Non-Executive Director, Mr. Ketan Mehta, as Executive Director. Mr. Yogesh Kothari is Chairman of Audit Committee.

During the year under review the Audit Committee met 4 times on May 23, 2015, August 14, 2015, November 13, 2015, and February 09, 2016, to deliberate on various matters.

## **II. Stakeholders Relationship Committee**

In compliance with the provisions of Listing agreement and Section 178 of Companies Act, 2013, your company re-constituted this committee as “Stakeholders Relationship Committee”. This committee of the Board of your Company looks into various issues relating to shareholders/investors including transfer and transmission of shares held by shareholders in physical format as well as non-receipt of dividend, Annual Report, shares after transfer and delays in transfer of shares. The committee also looks into issues including status of dematerialization/Rematerialization of shares and issue of duplicate share certificates and tracks investor complaints and suggest measures for improvement from time to time.

During the year under review, the terms of reference of the Stakeholders’ Relationship Committee include the following:

- To provide for the safe custody of the Company Seal of the Company;
- To approve and register transfers and/or transmission of Equity Shares and Preference Shares of the Company;
- To sub-divide, consolidate and/or replace any Share Certificate of the Company;
- To authorise affixation of Common Seal of the company to Share Certificates;
- To do all other acts and deeds as may be necessary or incidental to the above,

The Committee comprises of Mr. Ketan Mehta Director as Chairman, Mr. Yogesh Kothari and Mr. Dinesh Sanjalia as Members. During the year under review the committee met four times to discuss on various matters referred above. During the year No Complaints were received.

The company has no share transfers/transmission pending as on 31st March, 2016.

## **III. Nomination & Remuneration Committee**

In compliance of Section 178 of Companies Act, 2013 the Board renamed the Remuneration committee as “Nomination and Remuneration Committee. Your Board has re-constituted the Nomination and Remuneration Committee which now comprises of Mr. Yogesh Kothari, Independent Director as Chairman, Mr. Rajendra Sanghvi, Mr. Dinesh Sanjalia and Mr. Ketan Mehta as Members.

The terms of reference of the committee inter alia include Succession planning for Board of Directors and Senior Management Employees, identifying and selection of candidates for appointment of Directors/Independent Directors based on certain laid down criteria's, identifying potential individuals for appointment of Key Managerial personnel and other senior managerial position and review the performance of the Board of Directors and Senior Management personnel including Key managerial personnel based on certain criteria approved by the Board. While reviewing the performance, the committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talents, remuneration commensurate with the performance of individual and group and also maintains a balance between fixed and incentive pay reflecting both short and long term objectives of the company.

The terms of the reference of the Committee would be to review and recommend compensation payable to the Executive Directors and also to formulate and administer Employees Stock Option Scheme, including the review and grant of options to eligible employees under the scheme. The Committee shall also ensure the Compensation Policy of the Company and Performance Oriented Scheme for Senior Managers. The overall function of the Committee would also consist of the following:

- To Assist the Board of Directors in ensuring that affordable, fair and effective compensation policies are implemented.
- To Approve and make recommendations to the Board in respect of Directors' fees, Salary Structure and actual compensation (inclusive of Performance based incentives and benefits) of the Executive Director(s).
- To Review and approve the overall budgetary increment proposals for annual increase of compensation and benefits for the employees.
- To Review and approve the change in terms and conditions of the ESOP.
- To Review and approve the criteria for selection and appointment of Non-Executive Directors.

The Committee met on August 14, 2015 and reviewed the performance of the Directors both Non-Executive and Executive Directors and also the senior managerial personnel including Key Managerial personnel during the year.

#### **Subsidiary and Associate Companies**

The Company does not have any Subsidiary and Associate Companies as on 31st March, 2016.

#### **Management Discussion And Analysis**

The Management Discussion and Analysis Report for the financial year 2015-16, as per the requirements of Listing Agreement, is given in a separate section forming part of the Annual Report.

#### **Policy determining Material Subsidiaries and Related Party Transactions**

Pursuant to requirements of Clause 49 of Listing Agreement, the Company has adopted the policy determining material subsidiaries and the policy on related party transactions and the said policies are available on the Company's website at [www.ambaltd.com](http://www.ambaltd.com)

#### **Whistle blower policy**

The company has put in place a mechanism of reporting illegal or unethical behaviour. Employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor/notified persons. The reports received from any employee will be reviewed by the audit committee. It is affirmed that no person has been denied access to the audit committee in this respect. The Directors and senior management are to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practice.

### **General Body Meetings**

The Annual General Meetings for the last three years were held as follows:

Year	Venue	Date	Day	Time
<b>2014-15</b>	A 103, Shilpin bldg, Off. Borsapada Road, Opp. Malhar Bldg, Mahavir Nagar, Kandivali (West), Mumbai-400067	30/09/2015	Wednesday	4.30 P.M
<b>2013-14</b>	A 103, Shilpin bldg, Off. Borsapada Road, Opp. Malhar Bldg, Mahavir Nagar, Kandivali (West), Mumbai-400067	30/09/2014	Tuesday	3.00 P.M
<b>2012-13</b>	A 103, Shilpin Bldg, Off. Borsapada Road, Opp. Malhar Bldg, Mahavir Nagar, Kandivali (West), Mumbai-400067	30/09/2013	Monday	3.00 P.M

### **General Shareholder Information**

1. Annual General Meeting Date: 25<sup>th</sup> July, 2016.
2. Venue: Ajanta Party Hall, Sumer Nagar, Adjustment to Flyover, S. V. Road, Borivali(West), Mumbai- 400092
3. Financial Year : April 2015 to March 2016
4. Book closure date: 18<sup>th</sup> July, 2016 to 25<sup>th</sup> July, 2016(both days inclusive.)
5. Dividend recommended for the year : Rs. 0.30/- Recommended
6. Listing on stock exchange : Bombay Stock Exchange
7. Stock Code : BSE : 539196

## Stock Market Data at BSE

Month	High	Low	Close	No. of Shares
Apr 15	0	0	0	0
May 15	0	0	0	0
June 15	55.1	49.99	55.1	41056
July 15	118	57.85	118	3100885
Aug 15	120	111.8	114	183549
Sep 15	161.7	111.9	140	208935
Oct 15	182	142	178.3	1185663
Nov 15	175.2	150	157.3	12699144
Dec 15	184.5	158.2	176.3	4468855
Jun 16	181	169	173.7	1011356
Feb 16	199	172	193	30259603
Mar 16	215	191.8	200	92309276

## Distribution of shareholding as on 31st March, 2016

SHARE (OR DEBENTURE) OF NOMINAL VALUE	NUM OF HOLDERS	(%) OF HOLDERS	TOTAL AMOUNT	% OF AMT
UPTO TO 5000	573	75.79	224450	0.43
5001 TO 10000	51	6.75	477880	0.91
10001 TO 20000	30	3.97	477040	0.90
20001 TO 30000	21	2.78	527330	1.00
30001 TO 40000	1	0.13	40000	0.08
40001 TO 50000	24	3.17	1176520	2.23
50001 TO 100000	19	2.51	1601880	3.04
100001 TO ABOVE	37	4.89	48226900	91.42
<b>** TOTAL **</b>	<b>756</b>	<b>100.00</b>	<b>52752000</b>	<b>100.00</b>

**Shareholding Pattern as on 31st March, 2016**

Category		No. of Shares held	% of Shareholding
<b>A</b>	Promoter's Holding		
1	Promoters		
	- Indian Promoters	1265000	23.98
	- Foreign Promoters	-	-
2	Persons acting in concert	-	-
	<b>Sub – Total</b>	<b>1265000</b>	<b>23.98</b>
<b>B</b>	Non-Promoter's Holding		
3	Institutional Investors	-	-
a)	Mutual Funds and UTI	-	-
b)	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions / Non Government Institutions)	-	-
<b>C</b>	FII's	-	-
	<b>Sub – Total</b>	<b>1265000</b>	<b>23.98</b>
4	Others		
a)	Private Corporate Bodies	68583	1.30
b)	Indian Public	3496819	66.33
c)	NRI's/OCB's - NRI	409186	7.72
d)	Any Other (Please specify) – HUF	26956	0.51
e)	Clearing Membe00rs	8656	0.16
	<b>Sub-Total</b>	<b>4010200</b>	<b>76.02</b>
	<b>Grand Total</b>	<b>5275200</b>	<b>100</b>

**Dematerialization of Shares**

The equity shares of the company are available for trading in the dematerialized form under both the Depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

**No. of shares held in physical mode and dematerialized form as on 31<sup>st</sup> March, 2016.**

Particulars	No. of Shares	%
Held in Dematerialised mode in NSDL	1373726	26.04
Held in Dematerialised mode in CDSL	3490974	66.18
Shares held in Physical Mode	410500	7.78
<b>Total</b>	<b>5275200</b>	<b>100</b>

**Quarterly Audit of Share Capital**

As required by the Securities and Exchange Board of India (SEBI), quarterly audit of the Company's share capital is being carried out by a Practicing Company Secretary with a view to reconcile the total

share capital admitted with NSDL and CDSL and held in physical form, with the total issued and listed capital of the Company. The certificate received from the Practicing Company Secretary is submitted to BSE and is also placed before the Board of Directors on a quarterly basis.

**Registered Office of the Company/Correspondence Address**

A-103, Shilpin BLDG, Off Borsapada Road,  
Opp. Malhar BLDG, Mahavir Nagar, Kandivali (W),  
Mumbai-400067.

**Corporate Identification Number of the Company (Cin)**

L99999MH1992PLC067004

**Website**

[www.ambaltd.com](http://www.ambaltd.com)