

**28th  
Annual  
Report  
2015-2016**



**HINDUSTAN ADHESIVES LIMITED**

# 28<sup>TH</sup> ANNUAL REPORT

## 2015 - 2016

**BOARD OF DIRECTORS:**

Mr. L. K. Bagla  
 Mr. M. S. Bagla  
 Mr. K. C. Gupta  
 Mr. Pawan Geetaram Sharma  
 Mr. Suresh Sridhar Ajila  
 Mrs. Urmila Goenka  
 Mr. Amit Kumar  
 Mr. Nakul Bagla (CFO)

**COMPANY SECRETARY:**

Mr. S. S. Dua

**AUDITORS:**

M/s. Salarpuria & Partners  
 Chartered Accountants,  
 1008 Chiranjiv Tower,  
 43, Nehru Place, New Delhi-110019

**BANKERS:**

IDBI Bank, Indian Red Cross Society Building  
 1 Red Cross Road, New Delhi - 110001  
 Allahabad Bank, International Branch,  
 3<sup>rd</sup> Floor, 17, Parliament Street, New Delhi - 110 001

**SHARE TRANSFER & DEMAT AGENT:**

Link Intime India Pvt. Ltd.  
 44, Community Centre, 2nd Floor,  
 Naraina Industrial Area, Phase-I,  
 Near PVR Naraina, New Delhi-110028

**REGISTERED OFFICE:**

340/2-A, G. T. Road,  
 Shahdara, Delhi-110095  
 CIN: L74899DL1988PLC031191

**FACTORY:**

**Unit - I :** 29th Mile Stone, G.T. Road  
 Village Achheja, Tehsil-Dadri  
 Distt. -Gautam Budh Nagar (U.P.) 203207.

**Unit -II :** Plot No. 15, K.I.E Industrial Estate,  
 Village - Mundiyaiki, Pargana- Manglour,  
 Tehsil Roorkee, Dist. Haridwar- 247 667 (Uttarakhand)

**SHARES LISTED AT:**

Delhi, Mumbai, Kolkata  
 Stock Exchanges

<b>Contents</b>	<b>Page No.</b>
Directors' Report, Management	
Discussion & Analysis Report .....	3
Report on Corporate Governance .....	21
Standalone Auditors' Report .....	30
Balance Sheet .....	36
Profit & Loss Account .....	37
Schedule Forming Part of Balance Sheet .....	38
Cash Flow Statement .....	59
Consolidated Auditors' Report .....	60
Consolidated Balance Sheet .....	63
Consolidated Profit & Loss Account .....	64
Consolidated Schedule Forming Part of Balance Sheet ...	65
Consolidated Cash Flow Statement .....	83

**DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2015-2016**

To,  
The Members,

The Directors have pleasure in presenting the 28<sup>th</sup> Annual Report of the company together with the financial statements, for the year ended on 31<sup>st</sup> March 2016.

**FINANCIAL PERFORMANCE OF THE COMPANY**

During the Financial Year 2015-2016, The Financial position of the Company is as under:

*(Amount in lakhs)*

PARTICULARS	UNCONSOLIDATED		CONSOLIDATED	
	Year Ended 31st March 2016	Year Ended 31st March 2015	Year Ended 31st March 2016	Year Ended 31st March 2015
Total Income	6925.98	7675.63	7065.97	-
<b>Profit Before Interest, Depreciation &amp; tax</b>	<b>979.35</b>	<b>953.03</b>	<b>966.99</b>	-
Interest & Financial Charges	340.54	340.32	(344.18)	-
Depreciation	313.62	357.31	(333.99)	-
<b>Profit before Taxation</b>	<b>325.19</b>	<b>255.36</b>	<b>288.82</b>	-
Less: - Provisions for Income Tax	(137.50)	(71.00)	(137.50)	-
Add/(Less): - Mat Credit adjustments		(16.60)	-	-
Add/(Less): - Deferred tax Assets/ (liabilities)	24.40	(10.28)	24.40	-
<b>Net profit after tax</b>	<b>212.09</b>	<b>157.50</b>	<b>175.72</b>	-
Equity	511.63	511.63	511.63	-
Earnings Per Share	4.15	3.08	3.43	-

**DIVIDEND:**

To conserve the funds for the business of the Company including the funding for the expansion plans, your directors regret their inability to recommend any dividend for the financial period 2015-16.

**RESERVES:**

Taking into account overall financial performances of the Company. Your Directors do not transfer any amount to General Reserve Account.

**STATE OF COMPANY'S AFFAIR:**

The Company continues to make efforts to increase the sales of Carton Sealing Tapes and other Specialty Adhesive Coated products by providing the customers an excellent quality product backed by dedicated customer services.

The reduction in the price of Crude Oil resulted in lower raw material prices during the year, as also lower sales realizations and hence the turnover of the company had also reduced. However the company sees a good future in the sales of Carton Sealing Tapes and the acceptance of the new products developed by the Company for the Indian market and as well expected growth in the FMCG sector in India for all manufactured products and services. The Company continues to focus on building its Brand and Image as a quality supplier of Adhesive Coated Products in India.

**HINDUSTAN ADHESIVES LIMITED**

The Company has also been developing high value added POF shrink films during the current year. This will enhance the turnover and bring good profits to the Company during the next year.

The Company had also strategically invested in a subsidiary company named Bagla Wellness Private Limited for promoting wellness and fitness by setting up fitness centers in New Delhi and the operations of the same have started and the company expects this business to start making profits from the coming years.

**CHANGES IN THE NATURE OF BUSINESS**

During the financial year under the review, no changes have occurred in the nature of the companies' business.

**MATERIAL CHANGES BETWEEN THE END OF FINANCIAL YEAR AND DATE OF THE DIRECTOR REPORT:**

There has been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and date of the director report of the Company to which the financial statements relates.

**SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL**

There have been no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations.

**STATEMENT IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENT:**

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2015-16.

**COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR AND OTHER MATTERS PROVIDED UNDER SUB-SECTION (3) OF SECTION 178:**

The Board has on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report and also available on the Company website [www.bagla-group.com](http://www.bagla-group.com)

**SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES:**

During the year under Review, Your Company has one Subsidiary named Bagla Wellness Private Limited. Your Company does not have any associate/joint venture company for the year ended March 31, 2016.

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, the statement containing salient features of the financial statements of the Company's Subsidiaries', Associates' and Joint Ventures in **Form AOC-1** is attached as "**Annexure A**".

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:**

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to the Financial Statements.

**DEPOSITS:**

During the year under review, your Company did not accept any deposits within the meaning of provisions of Chapter V- Acceptance of Deposits by Companies of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

**AUDITORS AND AUDITORS' REPORT****(1) STATUTORY AUDITORS:**

Pursuant to Section 139 of the Act and Rules made thereunder, M/s. Salarpuria & Partners, Chartered Accountants, were appointed as statutory auditors of the Company at the Annual General Meeting held on 12th September, 2014 for a period of 3 years commencing from the closure of the 26th Annual general Meeting till the closure of the 29<sup>th</sup> Annual

General Meeting, subject to ratification by the members at every AGM. Accordingly, your directors recommend the ratification of the appointment of **M/s. Salarpuria & Partners** as statutory auditors of the Company from the conclusion of the 28th Annual General Meeting till the conclusion of the 29th Annual General Meeting.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory

Management Comments on Note (xi) of Independent Auditor Report:-

The Company has revised the salary of Managing Director after taking opinion from The Company Secretary in whole Time Practice and for the same Company will take approval from the member in the forthcoming Annual General Meeting. If Shareholder's approval could not be obtained, The Managing Director would refund the amount received by him after revision in salary.

## (2) SECRETARIAL AUDITORS:

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed **Mr. Puneet Kumar Pandey**, a Company Secretary in Practice to undertake the Secretarial Audit of the Company for the year ended 31st March, 2016. The Secretarial Audit Report is annexed as **"Annexure B"**.

*The Secretarial Audit Report for the financial year ended 31st March, 2016 do not contain any qualification, reservation, adverse remark or disclaimer.*

## (3) INTERNAL AUDITOR

As per section 138 of the Companies Act, 2013, the Company is required to have Internal Auditor. In this connection, the Board of Directors of the Company has on the recommendation of the Audit Committee, approved the appointment of M/S Navin Sudhir & associates as the Internal Auditor of the Company.

## SHARE CAPITAL:

The paid up Equity Share Capital as on 31st March, 2016 was ' 5.11 Crores. During the year under review, the Company has not issued any shares.

The Company has not issued shares with differential voting rights. It has neither issued employee stock options nor sweat equity shares and does not have any scheme to fund its employees to purchase the shares of the Company.

## EXTRACT OF THE ANNUAL RETURN:

The extracts of Annual Return in Form MGT – 9 pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 for the Financial Year 2015-16 is furnished in **"Annexure C"** and is attached to this report.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as **"ANNEXURE D"**.

## CORPORATE SOCIAL RESPONSIBILITY:

The Company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within purview of Section 135(1) of the Companies Act, 2013 and hence it is not required to formulate policy on corporate social responsibility.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL:

The Board of Directors of the Company at present has seven members.

Pursuant to the provisions of section 149 of the Act, Mr. Amit Kumar, Mr. Pawan Sharma, and Mr. K.C. Gupta were appointed as independent directors at the annual general meeting of the Company held on September 12, 2014. They have submitted a declaration that each of them meets the criteria of independence as provided in section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

Pursuant to provisions of Section 152 of Companies Act, 2013 and the Articles of Association of the Company Mr. Suresh Shridhar Ajila, Director of the Company is liable to retire by rotation and being eligible, offer himself for re-appointment.

**HINDUSTAN ADHESIVES LIMITED**

As per the provisions of Sections 196, 197 of the Companies Act, 2013 read with Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, Mr. Madhusudan Bagla was re-appointed as Managing Director of the Company for a period of 3 years w.e.f 1<sup>st</sup> April, 2016 subject to approval in this Annual General Meeting.

Pursuant to the provisions of section 203 of the Act, the key managerial personnel of the Company are -Mr. M.S. Bagla, Managing Director, Mr. Nakul Bagla, Chief Financial Officer and Mr. Sarabjeet Singh Dua, Company Secretary. There has been no change in the key managerial personnel during the year

**NUMBER OF MEETINGS OF BOARD OF DIRECTORS:**

Seven meetings of the board were held during the year. For details of the meetings of the board, please refer to the corporate governance report, which forms part of this report.

**BOARD EVALUATION**

In line with the requirement of Regulation 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a meeting of the Independent Directors of the Company was held on 12<sup>th</sup> February, 2016, wherein the performance of the non-independent directors including Chairman was evaluated.

The Board, based on the recommendation of the Nomination and Remuneration Committee ("NRC"), evaluated the effectiveness of its functioning and that of the Committees and of individual directors by seeking their inputs on various aspects of Board/Committee Governance.

The aspects covered in the evaluation included the contribution to and monitoring of corporate governance practices, participation in the long-term strategic planning and fulfillment of Directors' obligations and fiduciary responsibilities, including but not limited to active participation at the Board and Committee meetings.

**AUDIT COMMITTEE:**

The Company being a Listed Company was required to constitute an Audit Committee under Section 177(1) of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014. The Composition of the Audit Committee is provided in the Corporate Governance Report forming part of this report. All the recommendations made by the Audit Committee were accepted by the Board.

**STAKEHOLDERS RELATIONSHIP COMMITTEE:**

The Company was required to constitute a Stakeholders Relationship Committee under Section 178(5) of the Companies Act, 2013. The Composition of the Stakeholders Relationship Committee is provided in the Corporate Governance Report forming part of this report.

**VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

Pursuant to the provisions of Section 177 (9) & (10) of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014 and as per the listing regulations, the Company has adopted a Whistle Blower Policy, which provides for a vigil mechanism that encourages and supports its Directors and employees to report instances of unethical behaviour, actual or suspected, fraud or violation of the Company's Code of Conduct or Ethics Policy. It also provides for adequate safeguards against victimization of persons who use this mechanism. The policy adopted by the company is also posted on the website of the company. [www.bagla-group.com](http://www.bagla-group.com)

**NOMINATION AND REMUNERATION COMMITTEE:**

The Company being a Listed Company was required to constitute a Nomination and Remuneration Committee under Section 178(1) of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014. The Composition of the Nomination and Remuneration Committee is provided in the Corporate Governance Report forming part of this report.

Remuneration of the Key Managerial Personnel and Employees of the Company is based on the performance of the company. Remuneration of the employees are revised on timely basis and based on their performances. The company generally sees the ability and review the performance of the candidate before the appointment of the Director.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act 2013 for the Financial Year 2015-16 in the prescribed format, **Form AOC 2** has been enclosed with the report as "**ANNEXURE E**".

**HINDUSTAN ADHESIVES LIMITED****RISK MANAGEMENT POLICY:**

The Company does not have any Risk Management Policy as the element of risk threatening the Company's existence is very minimal.

**DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:**

The Company has in place an Anti Sexual Harassment Policy, in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, the Company did not receive any complaint.

**DECLARATION OF INDEPENDENT DIRECTORS:**

The Independent Directors have submitted their disclosures to the Board that they fulfill the criteria of independence as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves for their continuance as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

**PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:**

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, none of the employees drawing remuneration in excess of the limits set out in the said Rules.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been enclosed with the report as **"ANNEXURE F"**.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Accordingly, pursuant to Section 134 (3) (c) and 134 (5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- a) in the preparation of the annual financial statements for the year ended March 31, 2016, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- b) for the financial year ended March 31, 2016, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the Profit of the Company for the year ended March 31, 2016.
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the annual financial statements have been prepared on a going concern basis.
- e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) That proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

**ACKNOWLEDGEMENT:**

The Board appreciates and places on record the contribution made by the employees during the year under review. The Board also places on record their appreciation of the support and co-operation of all stakeholders particularly shareholders, bankers, financial institutions, customers, suppliers, medical fraternity and business partners.

By order of the Board of Directors of  
**HINDUSTAN ADHESIVES LIMITED**

**(L.K. BAGLA)**  
CHAIRMAN  
DIN: 01596548

Place : Delhi  
Date : 13/08/2016

**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129  
Read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of  
Subsidiaries/ Associate Companies/ Joint Ventures**

**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	BAGLA WELLNESS PRIVATE LIMITED
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign Subsidiaries	N.A.
4.	Share capital	25,00,000
5.	Reserves & surplus	46,13,482.60
6.	Total assets	109,04,427.60
7.	Total Liabilities	37,90,945.00
8.	Investments	NIL
9.	Turnover	1,39,78,833.00
10.	Profit before taxation	(36,36,136.90)
11.	Provision for taxation	-
12.	Profit after taxation	(36,36,136.90)
13.	Proposed Dividend	-
14.	% of shareholding	64.80

**Notes:**

- Names of subsidiaries which are yet to commence operations: None
- Names of subsidiaries which have been liquidated or sold during the year: None

**For SALARPURIA & PARTNERS**

Firm Registration No.-302113E

Chartered Accountants

**(Kamal Kumar Gupta)**

Partner

M. No. : 089190

**(S.S. DUA)**

Company Secretary

**(L.K. BAGLA)**

Chairman

(DIN : 01596548)

**(M.S. BAGLA)**

Mg. Director

(DIN : 01425646)

**(N.M. BAGLA)**

CFO

Place : New Delhi

Date : 30.05.2016

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016**  
**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies**  
**(Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,  
The Members,  
**HINDUSTAN ADHESIVES LIMITED**  
340/2A, G.T. ROAD, SHAHDARA,  
DELHI – 110095

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HINDUSTAN ADHESIVES LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to me and the representations made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- (i). The Companies Act, 2013 ('The Act') and the rules made there under;
- (ii). The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii). The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv). Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (ECB);

**Not Applicable**

- (v). The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

**Not Applicable**

- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

**Not Applicable**

**HINDUSTAN ADHESIVES LIMITED**

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

**Not Applicable**

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

**Not Applicable**

(vi) RBI Act, 1934

**Not Applicable**

(vii) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

**Not Applicable**

(viii) Industrial and Labour Laws which inter-alia includes **(based on the confirmation received from the Management):**

The Minimum Wages Act, 1948

The Payment of Bonus Act, 1965

The Payment of Gratuity Act, 1972

The Employee's Provident Fund & Miscellaneous Provisions Act, 1952

The Employee's State Insurance Act, 1948

Factory Act, 1948

Payment of Wages Act, 1936

The Workmen's Compensation Act, 1923

Contract Labour (Regulation and Abolition) Act, 1970

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

(ii) The Listing Agreement and/or Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Company with BSE Limited.

I further report that:

The Board of Director of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings. Agenda and detailed notes on Agenda were sent to the Directors at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

I further report that based on the information received and records maintained by the Company, there are adequate Systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Delhi

Date : 13/08/2016

**Puneet Kumar Pandey**

M No- A29848

C P No.10913