

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is a set of principles, systems and processes to be followed by the Directors, Management and employees of the Company for enhancement of shareholder value keeping in view interest of stakeholders at large viz. Shareholders, Customers, Employees, Society, Suppliers, Lenders etc. The Company continues to adopt and practice the principles of good Corporate Governance while ensuring high level of integrity, accountability and transparency at all levels in the organisation. The Company believes that good governance is the foundation for any successful organization and continuously endeavors to improve the standards of governance.

### BOARD OF DIRECTORS

The Board of the Directors of the Company has an optimum combination of executive and non-executive directors and comprises of 8 Directors including 3 Independent Directors and 2 executive Directors.

The composition of the Board of Directors, their attendance at the Board Meetings held during the year 2016-17 and at the last Annual General Meeting, as also the number of other Directorships in other public companies and memberships in various committees across all public companies as on March 31, 2017 are as follows:

Name of the Director	Category	Financial Year 2016-17 Attendance at		No. of Directorships in other public companies*	Committee positions in other public companies**	
		Board Meetings	Last AGM		Member	Chairman
Mr. S.C. Gupta	Independent-NED	5	No	6	6	2
Mr. B.R. Taneja	Promoter-ED	3	Yes	-	-	-
Mr. Rajiv Goel	ED	5	Yes	-	-	-
Mr. O.P. Kakkar	NED	5	Yes	-	-	-
Mr. J.P. Sureka	Promoter NED	3	No	2	3	1
Mr. Ajit Ingle	NED (IDBI Bank Nominee)	4	No	-	-	-
Ms. Deepa Mathur	Independent-NED	4	Yes	-	-	-
Mr. Shyam Powar	Independent-NED	4	No	-	-	-

NED: Non-Executive Director      ED: Executive Director

\* This does not include directorships in Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013.

\*\* This includes only Audit Committee and Stakeholders Relationship Committee.

During the financial year 2016-17, five Board Meetings were held as under:

Sr. No.	Date of Meeting
1	May 27, 2016
2	August 10, 2016
3	November 9, 2016
4	January 4, 2017
5	February 9, 2017

As on March 31, 2017, the composition of the Board was in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The Board has complete access to all the relevant information available within the Company.

#### APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

In terms of the Articles of Association of the Company and the relevant provisions of the Companies Act, 2013, Mr. B R Taneja, Managing Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Brief resume of the Directors proposed to be appointed/reappointed is given in the Notice convening the AGM.

#### AUDIT COMMITTEE

The terms of reference of the Audit Committee are in conformity with the stipulations in Regulation 18 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and the provisions of Section 177 of the Companies Act, 2013.

The composition of Audit Committee and attendance of each member is as under:

Name of Director	Chairman / Member	Number of Meetings Attended
Ms. Deepa Mathur	Chairperson (Independent)	6
Mr. J.P. Sureka	Member	3
Mr. S.C. Gupta	Member (Independent)	6
Mr. Shyam Powar	Member (Independent)	5

During the year under review, six meetings of Audit Committee were held as under:

Sr. No.	Date of Meeting
1	May 27, 2016
2	August 10, 2016
3	November 9, 2016
4	December 20, 2016
5	February 9, 2017
6	March 21, 2017

Ms. Deepa Mathur, the Chairperson of the Audit Committee was present at the last Annual General Meeting held on September 27, 2016.

#### MANAGERIAL REMUNERATION

##### a. NOMINATION AND REMUNERATION COMMITTEE:

The Company has a Nomination and Remuneration Committee of Directors.

The terms of reference of the Nomination and Remuneration Committee are in conformity with the stipulations in Regulation 19 of the Listing Regulations and the provisions of Section 178 of the Companies Act, 2013.

The composition of Nomination and Remuneration Committee and attendance of each member is as under:

Name of Director	Chairman / Member	Number of Meetings Attended
Mr. Shyam Powar	Chairman	1
Mr. J.P. Sureka	Member	1
Mr. S.C. Gupta	Member	1
Ms. Deepa Mathur	Member	1

During the year under review, one meeting of Nomination and Remuneration Committee were held as under:

Sr. No.	Date of Meeting
1	August 10, 2016

The Company does not have any Employee Stock Option Scheme.

##### b. Remuneration Policy:

- Based on the recommendations of the Nomination and Remuneration Committee, the remuneration of the Whole-time Directors is decided by the Board of Directors which, inter-alia, is based on the criteria such as industry benchmarks, financial performance of the Company, performance of the Whole-time Directors etc.

- The Company pays remuneration by way of salary, perquisites and allowances to Executive Directors. No remuneration was paid by way of commission to any Non-Executive Director.
- Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors decides the payment of remuneration to the Non-Executive Directors.
- The Company paid sitting fee of Rs. 40,000/- each for attending Board and Audit Committee Meetings and Rs. 20,000/- each for all other committee meetings upto August 10, 2016 to the Non-Executive Directors subject to terms of remuneration, if any, paid. However, the sitting fee for attending Board Meeting and Audit Committee Meeting was subsequently increased to Rs. 60,000/- each and for all other committee meetings to Rs. 40,000/- each.
- Performance evaluation of the Independent Directors shall be done by the Board of Directors on such criteria as deemed appropriate by the Board of Directors.
- The Company has framed a Remuneration Policy for Directors. KMPs & Senior Management upon the recommendation of Nomination & Remuneration Committee as approved by the Board.

**c. Remuneration to Directors:**

A Statement on the remuneration paid/ payable to the Whole-time Directors viz. Mr. B.R. Taneja and Mr. Rajiv Goel and sitting fees paid to Non-Executive Directors, during the financial year 2016-17 is given below:

Name of the Director	Salary & Perquisites (Rs.)	Commission (Rs.)	Sitting** Fees (Rs.)
Mr. S.C. Gupta	NA	NA	9,20,000
Mr. B.R. Taneja	1,60,00,000*	-	NA
Mr. Rajiv Goel	11,598,000**	-	NA
Mr. O.P. Kakkar	NA	-	3,00,000
Mr. J.P. Sureka	NA	NA	4,00,000
Mr. Ajit Ingle	NA	NA	1,60,000
Mr. Shyam Powar	NA	NA	7,60,000
Ms. Deepa Mathur	NA	NA	8,60,000
<b>TOTAL</b>	<b>27,598,000</b>	<b>NIL</b>	<b>34,00,000</b>

\* including provision of Rs. 7,600,000

\*\* including provision of Rs. 10,774,280

**Note:** Salary and perquisites include other allowances, Contribution to Provident Fund and Superannuation, Leave Travel Allowance, Medical Reimbursement and Accommodation provided.

Details of shares of the Company held by its Non-Executive Directors as on March 31, 2017 are given below:

Name of the Director	Number of Equity Shares
Mr. S.C. Gupta	NIL
Mr. O.P. Kakkar	1,11,480
Mr. J.P. Sureka	1,20,380*
Mr. Ajit Ingle	NIL
Ms. Deepa Mathur	1,204
Mr. Shyam Powar	47,865

\* Includes 79,932 Equity Shares held as Karta of J.P. Sureka (HUF)

**STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Company has a Stakeholders' Relationship Committee of Directors to look into the redressal of shareholder and investors' complaints like Transfer or Credit of Shares, non-receipt of Annual Reports/ Dividends etc.

**Composition, Meetings and Attendance during the year:**

The composition of Stakeholders' Relationship Committee and attendance of each member is as under:

Name of the Director	Chairman/ Member	Number of Meetings Attended
Mr. J.P. Sureka	Chairman	3
Mr. S.C. Gupta	Member	4
Ms. Deepa Mathur	Member	4
Mr. Shyam Powar	Member	3

During the year under review, four meetings of Stakeholders' Relationship Committee were held as under:

Sr. No.	Date of Meeting
1.	May 27, 2016
2.	August 10, 2016
3.	November 9, 2016
4.	February 9, 2017

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Company has a Corporate Social Responsibility Committee of Directors as per Section 135 of Companies Act, 2013.

**Composition and Meetings during the year:**

The composition of the CSR Committee is as under:

Name of the Director	Chairman/ Member
Mr. O.P. Kakkar	Chairman
Mr. S.C. Gupta	Member
Mr. J.P. Sureka	Member

During the year under review, one meeting of Corporate Social Responsibility Committee was held on August 10, 2016.

### INDEPENDENT DIRECTORS MEETING

The Independent Directors met on August 10, 2016 to discuss:

1. The performance of Non-Independent Directors and the Board as a whole.
2. The performance of Executive Directors.
3. The quality, quantity and timeliness of flow of information between the Company Management and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties.

All the Independent Directors were present at the Meeting.

### COMPLIANCE OFFICER

Mr. Jaikishan Pahlani, Company Secretary is the Compliance Officer of the Company for ensuring compliance with the requirements of the Listing Agreement with the Stock Exchanges/ SEBI Listing Regulations and under SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.

During the year under review all the complaints/ grievances that were received from the shareholders/investors, have been attended to and satisfactorily resolved. No valid transfer/ transmission of shares were pending as on March 31, 2017.

Details of investor complaints received and redressed during the Financial Year 2016-17 are as follows:

Number of complaints pending at the beginning of the year	Nil
Number of complaints received during the year	19
Number of complaints disposed off during the year	16
Number of complaints remaining unresolved at the end of the year	3

### CODE OF CONDUCT

The Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The Code of Conduct is also available on the website of the Company.

### CEO/ CFO CERTIFICATION

In accordance with Regulation 17 (8) of the Listing Regulations, the MD and CFO have given their certificate to the Board.

### GENERAL BODY MEETINGS

Location and time of General Meetings held in last three years:

Year	Type	Date	Venue	Time	Number of Special Resolutions passed
2015-16	AGM	27.09.2016	Hotel Hindustan International, Neco Garden Road, Viman Nagar, Pune - 411014	11.30 A.M.	6
2014-15	AGM	26.09.2015	Hyatt Regency, Weikfield IT Park, Pune - 411014	11.00 A.M.	2
2013-14	AGM	26.09.2014	Hyatt Regency, Weikfield IT Park, Pune - 411014	10.00 A.M.	4

All special resolutions moved at the Annual General Meeting for year 2013-14, 2014-15 and 2015-16 were passed with requisite majority by way of e-voting and poll.

### OTHER DISCLOSURES

- Details of related party transaction are furnished under Notes to Financial Statement.
- There were no instances of material non-compliances and no strictures or penalties imposed on the Company either by SEBI, Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years.
- None of the Directors have any relation inter-se.
- The quarterly internal audit reports are placed before the Audit Committee.
- The Company has established Vigil Mechanism and Whistle Blower Policy. It is hereby affirmed that no personnel has been denied access to the Audit Committee.
- Familiarisation Programmes for Independent Directors and various policies are placed on the Company's website [www.ismt.com](http://www.ismt.com)

### MEANS OF COMMUNICATION

The quarterly results are normally published in one English daily newspaper and one vernacular (Marathi) daily newspaper. The quarterly results and other details are also displayed on the Company's website [www.ismt.com](http://www.ismt.com).

### DESIGNATED EXCLUSIVE E-MAIL ID OF THE COMPANY

The Company has the following E-mail Id exclusively for investor servicing: [secretarial@ismt.co.in](mailto:secretarial@ismt.co.in)

**GENERAL SHAREHOLDER INFORMATION**

AGM Date and Time	September 28, 2017 at 10.30 AM
Venue	Hotel Hyatt Pune Adjacent to Aga Khan Palace, 88 Nagar Road, Kalyani Nagar, Pune - 411006
Financial Year	April 01, 2016 to March 31, 2017
Dividend Payment date	Not Applicable
Listed on Stock Exchange	1. BSE Limited, Phiroze Jeejeebhay Towers, Dalal Street, Fort, Mumbai - 400 001  2. National Stock Exchange of India Ltd. Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051
Security Code (BSE)	532479
Security Code (NSE)	ISMTLTD
ISIN Number allotted to Equity Shares	INE732F01019
Registered Office	Lunkad Towers, Viman Nagar, Pune - 411 014.

The Company has paid annual listing fees for the Financial Year 2017-18 to both the Stock Exchanges where the shares of the Company are listed.

**STOCK MARKET DATA AND SHARE PRICE PERFORMANCE****BSE LIMITED (BSE):**

Month	Market price		BSE 500 INDEX	
	High	Low	High	Low
April 2016	10.18	7.20	10578.96	9980.36
May 2016	12.75	7.45	10816.18	10206.43
June 2016	12.15	9.90	11045.33	10479.26
July 2016	12.25	10.40	11633.37	11052.72
August 2016	11.47	9.71	11880.02	11404.92
September 2016	11.65	9.05	12083.11	11552.51
October 2016	11.49	9.52	12032.26	11668.62
November 2016	10.85	7.15	11926.95	10675.77
December 2016	9.32	7.55	11249.60	10617.28
January 2017	14.00	8.30	11825.55	11005.66
February 2017	14.89	11.00	12270.70	11643.62
March 2017	14.64	11.95	12650.57	12101.74

**NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE):**  
(Rs.)

Month	High	Low
April 2016	10.20	7.20
May 2016	12.85	7.40
June 2016	12.10	9.05
July 2016	12.30	10.30
August 2016	11.50	9.80
September 2016	11.70	8.90
October 2016	11.80	9.45
November 2016	11.00	7.90
December 2016	9.40	8.15
January 2017	13.95	8.50
February 2017	14.85	11.05
March 2017	14.75	11.85

Source: BSE & NSE websites.

**REGISTRAR AND SHARE TRANSFER AGENT**

The Shareholders may contact the RTA at the following address:

**Karvy Computershare Private Limited**

Karvy Selenium, Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad - 500 032

Tel: +91 40 67161632 Fax: +91 40 23001153

Email: einward.ris@karvy.com

Web: www.karvycomputershare.com

As regards to the shareholding in electronic form shareholders are requested to write to their respective Depository Participant and provide Bank Mandate details, N-ECS particulars, email Id etc. so as to facilitate expeditious payment of Corporate Action, if any.

**SHARE TRANSFER SYSTEM**

The Company's shares are traded compulsorily in Demat segment on the Stock Exchanges. Shares received for transfer in physical mode are processed and valid transfers are approved within prescribed time limit.

Pursuant to Regulation 40(9) of the Listing Regulations, certificate on half yearly basis have been filed with the Stock Exchanges for due compliance of share transfer formalities by the Company. In terms of guidelines issued by SEBI, the Reconciliation of Share Capital Audit Report for all the quarters have been filed with the Stock Exchanges, which inter-alia gives details about the reconciliation of Share Capital (both physical and demat).

**DISTRIBUTION OF SHAREHOLDING OF THE COMPANY AS ON MARCH 31, 2017**

Shareholding of Nominal Value of Rs	No. of Shareholders	% to total no. of shareholders	No. of Shares held	% to Total
Upto 5,000	124459	99.24	27460050	18.74
5,001 10,000	487	0.39	3557111	2.43
10,001 20,000	241	0.19	3434001	2.34
20,001 30,000	62	0.05	1520918	1.04
30,001 40,000	43	0.03	1518641	1.04
40,001 50,000	31	0.02	1434818	0.98
50,001 1,00,000	47	0.04	3443888	2.35
1,00,001 And above	48	0.04	104131956	71.08
<b>Total</b>	<b>125418</b>	<b>100.00</b>	<b>146501383</b>	<b>100.00</b>

**DEMATERIALISATION OF SHARES AND LIQUIDITY**

87.03% of total Equity Capital is held in demat form with NSDL and CDSL as on March 31, 2017.

**OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY**

The Company has no outstanding GDRs and the Company has not issued any ADRs / Warrants or any convertible instruments during the period under review.

**CORPORATE FILING AND DISSEMINATION SYSTEM**

The financial and other information filed by the Company with BSE (through BSE Listing Centre) and NSE (through NEAPS), from time to time is available on the website of BSE Limited at www.bseindia.com and website of NSE at www.nseindia.com.

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT, PURSUANT TO REGULATION 17 OF THE LISTING REGULATIONS**

As required by Regulation 17(5)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management of the Company. The Code is available on the Company's website.

As per Regulation 26, this is to confirm that the Company has received from Senior Management Team of the Company and all

**UNCLAIMED / OUTSTANDING DIVIDEND ON EQUITY SHARES:**

To facilitate investors who have not claimed the dividend amount for earlier years on the Equity Shares from the Company, details of the unclaimed amount are being displayed on the Ministry of Corporate Affairs (MCA) website: www.iepf.gov.in.

Investors are requested to browse the said website to find out the outstanding amount, if any, and claim the same from the Company, before transfer to the Investor Education and Protection Fund as per the provisions of the Companies Act, 2013.

**PLANT LOCATIONS**

The Company has manufacturing facilities in Maharashtra at:

1. MIDC Industrial Area, Ahmednagar - 414111
2. MIDC Industrial Area, Baramati - 413133
3. Jejuri Morgaon Road, Jejuri – 412303
4. Village Kurla, Warora, Chandrapur - 422910

**ADDRESS FOR CORRESPONDENCE**

ISMT Limited, Lunkad Towers, Viman Nagar, Pune - 411 014, Maharashtra.

For and on behalf of the Board of Directors

**S C Gupta**  
Chairman

Pune, May 30, 2017

Members of the Board, declarations of compliance with Code of Conduct for the financial year 2016-17.

For the purpose of this declaration, Senior Management Team comprises of employees in the Vice President and above Cadre as on March 31, 2017.

For ISMT Limited

Pune  
May 30, 2017

**B. R. Taneja**  
Managing Director



## CEO/ CFO CERTIFICATION TO THE BOARD (Under Regulation 17(8) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

To  
The Board of Directors  
ISMT Limited

We, B.R. Taneja, Managing Director and Rajiv Goel, Chief Financial Officer of ISMT Limited, to the best of our knowledge and belief, certify that:

- (1) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2017 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true & fair view of the Company's affairs & are in compliance with existing accounting standards, applicable laws & regulations.
- (2) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

- (3) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (4) We have indicated to the Auditors and the Audit Committee:
  - (i) There are no significant changes in internal control over financial reporting during the financial year ended March 31, 2017;
  - (ii) All significant changes in accounting policies during the financial year ended March 31, 2017 and that the same have been disclosed in the notes to the financial statements; and
  - (iii) There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**B.R. Taneja**  
Managing Director

**Rajiv Goel**  
Chief Financial Officer

Pune, May 30, 2017

## CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To  
The Members of  
ISMT Limited

We have examined the compliance of conditions of Corporate Governance by ISMT Limited for the year ended March 31, 2017, as stipulated in Regulations 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We certify that the Company has complied, in all material respect, with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For M/s P. G. Bhagwat**  
Firm Registration No. 101118W  
Chartered Accountants

**For J. K. Shah & Co.**  
Firm Registration No. 109606W  
Chartered Accountants

**Sandeep Rao**  
Partner  
Membership No. 47235  
Pune, May 30, 2017

**J.K. Shah**  
Partner  
Membership No. 3662  
Mumbai, May 30, 2017