

## CORPORATE GOVERNANCE

In this report, we discuss, the work and operation of the Board and the framework of governance it deploys to lead and control the business and report on the Company's performance.

### COMPLIANCE WITH THE LISTING RULES

Our ordinary shares are listed on the Colombo Stock Exchange.

In accordance with the Listing Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka, we confirm that throughout the year ended 31 March 2012 and at the date of this document, we were compliant with the provisions of and applied the principles of Section 7.10 of the CSE's listing rules.

The Institute of Chartered Accountants of Sri Lanka has issued the new Sri Lanka Financial Reporting Standards applicable for financial years beginning on or after 1st January 2012. We will report on it for the first time in our 2012/13 financial year and intend to be in compliance.

### ROLE OF THE BOARD

#### ICASL CODE A.1.

Our core purpose is to ensure long term success of the Company and long term returns to our shareholders. This requires us to determine business strategy and our appetite for risk. We need to monitor management's performance in delivering against that strategy and ensure that the risk management measures and internal controls they put in place are appropriate and effective. We must ensure that the funding and talent available to the business will support it over the long term. Finally, we must remain aware of the Company's obligations to its shareholders and other stakeholders and respond to their needs with transparent reporting and active engagement.

To help discharge these key responsibilities, the Board has defined the business and governance issues which are reserved for its final decision. These form the basis of its core agenda and are summarized below:

#### Schedule of matters reserved for the Board

##### *Business Strategy:-*

- Determining strategy and approval of plans and budgets.
- Approval of major acquisitions and disposals.
- Approval of investments.

##### *Risk appetite, funding and liquidity:-*

- Determining the Company's risk appetite.
- Agreeing the Company's capital structure, funding, borrowing limits and liquidity.

- Approval of Treasury policies including credit exposures and interest rate, foreign currency translation and hedging.

##### *Risk management and internal controls:-*

- Reviewing the effectiveness of the Company's risk management framework and internal controls and reporting on that review to shareholders.

##### *Financial reporting and dividends:-*

- Recommending and declaring dividends.
- Approval of major accounting policies.
- Approval of financial statements and results announcements.
- Approval of all shareholder circulars and notices of meeting.

##### *Appointments:-*

- Appointment of directors.
- Appointment of auditors.
- Appointment of Board Committees, their terms of reference and membership.

##### *Remuneration:-*

- Approval of the Company's remuneration philosophy and the principles of its remuneration policy.
- Approval, on the recommendation of the Remuneration Committee, of the Company's total variable compensation spend each year.
- Approval of new share incentive plans prior to their submission to shareholders for approval.

### BOARD AGENDA LAST YEAR

The table below summarises the main business topics addressed by the Board during the year in addition to their regular review of business performance.

#### Summary of Board business -2011/12

- Approval of Year end results
- Review of 2011/12 year end results and reporting
- Year end review of risk management and internal controls
- Recommendation of final dividend
- Approval of Annual Report contents
- Approval of interim results, and interim dividend
- Review of Business plans and Goals
- Approval of 2012/13 Budget
- Review on a regular basis the company's performance vis a vis the agreed plan and strategy.
- Review the Human Resources plan and the remuneration policy.

**Planning for 2012/13**

- Review of liquidity and capital position and executive proposals for change
- Performance of the Group and Strategic outlook for the next five years.

**KEY BOARD RELATIONSHIPS****ICASL CODE A.2**

Of critical importance to the effective working of the Board, is the relationship of the Chairman with the Chief Executive (CEO). While the Chairman is responsible for leading and running the Board, the CEO leads and runs the business. A summary of their clearly differentiated but complementary roles is given below. The CEO keeps the chairman closely informed on developments in the business, regularly discusses with him the Board's thinking and concerns and identifies issues for further debate. Together they explore ways in which they can best engage the Board on important issues and maximise non executive contribution.

**ROLE OF THE CHAIRMAN AND CEO****ICASL CODE A.3**

In addition to his regular dialogue with the Chief Executive on management's interface with the Board, the chairman spends time working on the Board's forward agenda and on detailed preparation for meetings in conjunction with the Company Secretary. His aim is that Board meetings should allow full and free discussion, unburdened by time constraint and over prescription, while still delivering proper governance and the timely addressing of issues. Both the Chairman and the CEO keep non-executive Board members updated on all important and topical developments and give them the opportunity to raise any issues of concern. Material and information presented by management are designed to facilitate well informed decision making. In chairing Board meetings, the Chairman encourages expression of the broadest range of views, particularly those which may challenge management. He seeks to foster open and trusting relationships between executive and non-executive Board members and is regularly rewarded with robust, incisive and good humored debate.

**Chairman**

- Leads the Board and sets its agenda including agreeing strategy and determining risk appetite.
- Ensures the regular flow of accurate and relevant management information to enable the Board to make sound decisions and monitor business performance.
- Ensures, with the support of the Nomination Committee, effective Board succession planning.
- Fosters effective Board relationships, evaluation of Board performance and follow up action.
- Ensures effective communication with shareholders and that the Board develops a clear understanding of their views.
- Ensures the effective functioning of all Board Committees.

**Chief Executive**

- Leads the Executive Committee in developing business strategy for Board approval and in managing risk.
- Runs the business, through the executive management, on a day to day basis and reports to the Board on performance and significant developments.
- Builds and maintains an effective Executive Committee and management team.
- Communicates and instills throughout the business a shared purpose, culture and set of values.
- Maintains, in conjunction with the Chief Financial Officer and Investor Relations team, an effective dialogue with stakeholders and investors.

To help obtain a comprehensive view of Board activity and Board members' contribution, the Chairman attends Remuneration Committee meetings and the Nomination Committee as their chairman. In addition, he is in frequent touch with Board members between formal meetings to keep them updated or seek their views on particular issues. The chairman is always keen to preserve the immediacy and informality of communication which he believes is one of the great strengths of our Board.

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### BOARD STRUCTURE

#### ICASL CODE A.5

Hemas has a focused close knit Board comprised of an effective balance of executive and non executive directors. Board Committee memberships and terms of appointment of each director as at 31st March 2012 are set out in the table below.

#### The Board

	Lalith de Mel	Husein Esufally	Abbas Esufally	Imtiaz Esufally	Murtaza Esufally
<b>Term of Office</b>	Mr. Lalith de Mel was appointed to the Board as an independent director in April 2002. He was elected Chairman in the year 2003 which Office he holds to date. Each year, his re appointment to the Board is placed before the shareholders for approval.	Mr. Husein Esufally was appointed to the Board in October 1997. He currently serves as the Chief Executive Officer of the Group.	Mr. Abbas Esufally was appointed to the Board in May 1991 and served as an executive director until his retirement in 2007.  He now holds the office of non executive director/Advisor..	Mr. Imtiaz Esufally was appointed to the Board in May 1991.  He serves as an executive director and as Chairman of the Transportation Sector of the Group.	Mr. Murtaza Esufally was appointed to the Board in September 1998 and is an executive director, heading the Healthcare sector of the group.
<b>Committee Membership</b>	Mr. Lalith de Mel serves as the Chairman of the Remuneration and Nominations committees.	Mr. Husein Esufally attends Audit committee meetings and meetings of the Remuneration and Nomination Committees, as an invitee.	None	Mr. Imtiaz Esufally attends meetings of the Audit Committee by invitation.	None.

	Maithri Wickremesinghe	Pradipta Mohapatra	Divyaroop Bhatnagar	Ramabadrn Gopalakrishnan
<b>Term of Office</b>	Mr. Maithri Wickremesinghe was appointed to the Board as an independent director in 2003.  His current term in Office expires in July 2012 .	Mr. Pradipta Mohapatra was appointed to the Board in July 2007 and serves as an independent director.  His current term in Office expires in June 2013.	Mr. Divyaroop Bhatnagar was appointed to the Board in August 2003 and served as an executive director until he stepped down from his executive position in March 2008. Mr. Bhatnagar continued to serve on the board as a non executive director .His current Term of Office expired on 31st March 2012.	Mr. Ramabadrn Gopalakrishnan was appointed to the Board as an independent director on 1st April 2012.
<b>Committee Membership</b>	Mr. Wickremesinghe serves as the Chairman of the Audit Committee and member of the Remuneration Committee.	Mr. Mohapatra is a member of the Audit Committee and Nomination Committee.	None	None

A brief resume of each of the above directors is given on page 56 of this report.

**FINANCIAL ACUMEN****ICSAL CODE A.4**

Our Board benefits from a broad and rich base of non-executive expertise. Together our non-executives bring to Hemas a powerful mix of experience in Corporate Finance, Financial services, Legal and Marketing. Some have worked at director level in large multinational organizations whilst others have specialised experience and are proven entrepreneurs. Each has the global perspective and outlook required for the successful direction of Hemas' business.

The executive directors, supported by senior management, are responsible for the day to day operation and development of the business.

**CONTRIBUTION OF NON EXECUTIVES**

Non-executive directors are appointed for an initial three year term, subject to their retirement by rotation and reappointment by shareholders at the Company's AGM, after which a second term of three years may be mutually agreed. Their annual time commitment will vary according to their service on Board Committees and the demands of the business. Each director confirms at the time of their appointment that they have sufficient time to give to the role. The non-executive directors make every effort to attend all scheduled and short notice meetings, even if on occasion this requires them to join a meeting by telephone or via Tele conference from a different time zone.

The non-executive directors are appointed to bring an external and independent view, both to support and when appropriate, challenge their management colleagues.

Our non-executive directors closely monitor management performance against the agreed strategy and direction and seek remedial or alternative action where objectives are not being met. Their independence from management also allows them to play a critical part in key Board governance functions through their detailed work on three Board Committees, the summary roles of which are outlined below.

The Chairman of each Committee reports to the Board on matters discussed at Committee meetings and highlights any significant issues requiring Board attention. Reports from the Chairmen of the Audit, Remuneration and Nomination Committees on the work of those Committees during the year are given on pages 51, 52 and 53 respectively.

Full terms of reference of these Board Committees can be obtained from the Secretaries on request.

**AUDIT COMMITTEE**

- reviews the integrity of financial reporting to shareholders.
- reviews the effectiveness of the Company's risk management framework and internal controls.
- determines the scope of external audit and reviews its findings and effectiveness.
- reviews Internal Audit reports and monitors management's response to their recommendations.
- recommends the appointment, reappointment and removal of the external auditors.
- Approves the remuneration and terms of appointment of the external auditors.

**REMUNERATION COMMITTEE**

- determines and agrees with the Board the principles of the Company's remuneration policy.
- determines the total compensation for executive directors, the CEO and executive committee members, within that policy.
- recommends to the Board the quantum of the Company's annual variable compensation.
- Sets vesting criteria for share incentive plans.

**NOMINATION COMMITTEE**

- reviews the Board's skill and experience base and proposes any necessary changes.
- directs the search and selection process for new appointments and recommends preferred candidates to the Company and subsidiary boards.
- oversees senior management succession planning to ensure continuity of executive resource at and just below Board.

**OTHER COMMITTEES**

The following committee forms part of the Corporate Governance framework, but is not a formally appointed committee of the Board.

**BOARD OF MANAGEMENT**

The Executive Directors, together with the Group Business Heads, meet each month as the Executive Committee under the chairmanship of the Chief Executive Officer. The role of the Executive

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Committee is to develop overall group strategy and annual business plans, review business plans against budgets, design and review policies and controls and provide a platform to the Chief Executive to raise ideas and issues and obtain input.

Biographical details of the members of the Board of Management are set out on page 58.

### INDEPENDENCE

#### ICASL CODE A.5

One of the key qualities required of non-executives is that they should have the independence of character and judgment which enables them to challenge their executive colleagues constructively and dispassionately and to carry out their broad governance role. We recognise the importance of non-executives' independence to our shareholders and it is one of the issues we test in our annual evaluation of directors' effectiveness.

The independence of the directors was determined based on the criteria as defined in the Listing Rules of the Colombo Stock Exchange. Each of the following directors have submitted signed statements declaring their independence:-

Mr. J C L De Mel \*

Mr. M E Wickremesinghe \*

Mr. P K Mohapatra

Mr. D Bhatnagar

\*Notwithstanding the fact that both Messrs J.C.L. De Mel and M E Wickremesinghe have served as directors for over 9 consecutive years, the Board considers them independent, given their impartial approach to the deliberations of the Board.

### EXTERNAL INTERESTS

All directors have a duty to avoid situations which create or may create a conflict with the interests of the Company. For this reason we ask our non-executive directors to notify us of their external business appointments and interests prior to joining the Company and to keep us advised of any changes on a continuing basis. If a particular directorship is identified as representing a potential conflict of interest, the director in question will declare his interest and not participate in any Board discussion relating to that company.

### DIRECTORS' INDEMNITY AND INSURANCE COVER

On their appointment, new directors are granted an indemnity by the Company, to the extent permitted by law, in respect of any third party liabilities which they may incur as a result of their service on the Board. The Company arranges directors' and officers' liability insurance to cover certain liabilities and defence costs which the Company indemnity does not meet. Neither the indemnity nor the insurance provides any protection in the event of a director being found to have acted fraudulently or dishonestly in respect of the Company.

### IMPROVING EFFECTIVENESS OF THE BOARD

#### ICASL CODE A.6

##### Continuing education and development

There is considerable emphasis on keeping the Board's knowledge of the business substantive and current. Of parallel importance is the need for directors to keep up to date with relevant regulatory developments, corporate governance trends and changes in investor expectations, some of which impact in particular on the non-executive role.

The Company Secretary researches and regularly circulates details of external programs to facilitate this. In addition, all directors are aware that they may, if they consider it necessary, seek independent professional advice at the Company's expense in relation to the discharge of their role.

The Company convenes at least five Board meetings a year for which detailed Agenda are prepared by the Company Secretary in consultation with the chairman. Comprehensive discussion papers on each of the topics for discussion are circulated to the members at least seven working days prior to a meeting to enable the directors to facilitate its effective conduct.

### APPOINTMENTS TO THE BOARD

#### ICASL CODE A.7

A formal and transparent procedure exists for all appointments to the Board. A Nominations Committee comprising two independent directors and the CEO meet as required to review and make recommendations to the Board on the suitability of the appointment and re appointment of directors to the Company and its subsidiaries and to regularly review the structure, size, composition and competencies of the Board.

A statement by the Nominations Committee is given on page 53 of this Report.

## RETIREMENT AND RE ELECTION

### ICASL CODE A.8

All directors' appointments are subject to their retirement by rotation at three year intervals and reappointment by shareholders at the Company's Annual General Meetings (AGMs). The Chairman retires at each AGM in terms of Section 210 of the Act and is eligible for re appointment in accordance with Section 211 of the Act.

## BOARD EVALUATION

### ICASL CODE A.9

Every year the Board conducts a review of its performance as a Board and identifies issues on which it needs to work.

A performance evaluation of the Board was carried out last year at which an assessment of the Board's performance was made against key drivers of effectiveness including strategy development, the decision making process, Board-management relationships, board processes and meetings and succession planning. Feedback was also sought on the operation of the principal Board Committees and on the contributions of individual directors. The review indicated that overall the Board and its principal Committees were operating effectively.

The relationship between the Chairman and CEO was considered to be sound and it was felt that major issues were fully discussed before decisions were made.

## DISCLOSURE OF INFORMATION IN RELATION TO DIRECTORS

### ICASL CODE A.10

The names of the Directors who served during the year and as at date are disclosed in the Corporate Information page of this report.

Directors' interest in contracts with the Company are set out on page 54.

The table below provides a record of directors' individual attendance at Board and committee meetings, in person or by telephone.

## DIRECTORS' REMUNERATION

### ICASL CODE B. 1,2 AND 3

The Remuneration Committee, comprising two independent directors, within agreed terms of reference, makes recommendations to the Board on the policy for remunerating executive directors, the CEO and senior management. The Committee consults the CEO, who participates in the deliberations, about its proposals relating to the remuneration framework of other executive directors. They have access to professional advise in discharging their responsibilities and review data of comparable companies when positioning levels of remuneration of executive directors and senior management.

The aggregate remuneration paid to the executive and non executive directors for the year under review is disclosed on page 61 of this Report.

	Number of meetings attended			
	Board	Audit Committee	Remuneration Committee	Nominations Committee
Mr. J C L De Mel	7/7		5/5	4/4
Mr. H E Esufally	7/7	7/7*	5/5	4/4
Mr. A N Esufally	7/7			
Mr. I A H Esufally	7/7	7/7*		
Mr. M E Wickremesinghe	7/7	7/7	5/5	
Mr. M A H Esufally	6/7			
Mr. P K Mohapatra	6/7			4/4
Mr. D Bhatnagar	7/7			
Mr. R Gopalakrishnan (Appointed on 1st April 2012)				

\*By invitation

## CORPORATE GOVERNANCE

### CONSTRUCTIVE USE OF THE AGM

#### ICASL CODE C.1

We are always pleased to hear the views of our stakeholders and to answer their queries by telephone or in writing. We encourage them to make maximum use of our website ([www@hemas.com](http://www@hemas.com)) to access Company reports, notices of meetings and general shareholder and dividend information.

Each AGM includes an open question period allowing shareholders to ask about any areas of the Company's performance as well as to discuss the specific resolutions proposed at the meeting. All our directors were available at the last AGM to answer questions and many circulated and talked to shareholders informally after the meeting. Voting on all the resolutions was by a show of hands and all the resolutions were passed unanimously.

### MAJOR TRANSACTIONS

#### ICASL CODE C.2

There were no major transactions carried out during the financial year under review which materially altered the Company's net asset base or the consolidated group net asset base.

### FINANCIAL REPORTING CONTROLS

#### ICASL CODE D.1

The financial reporting control system operating across the Group requires certification of the key controls over the financial reporting processes and certification of material income statement and balance sheet accounts. The system focuses on the financial reporting process over the most material financial statement line items and is designed to maintain proper accounting records and provide assurance that financial information used within the business and for publication is reliable.

#### Compliance

The Board of Directors confirm that they have taken all reasonable steps to ensure that the financial statements of the Company and the Group have been prepared in a meaningful manner and are in accordance with all applicable regulations.

The Directors' Responsibility Statement is given on page 68 of this Report.

### GOVERNANCE OF RISK

#### ICASL CODE D.2

The Board is ultimately responsible for the framework of the Group's risk governance and risk management.

The Board is responsible for:

- determining overall risk management strategy.
- ensuring that risk is monitored and controlled effectively.
- the Group's systems of internal control.

### GOVERNANCE FRAMEWORK

#### ICASL CODE D.3

The Audit Committee of the Board provides independent oversight and challenge in relation to internal control and risk management systems.

The Chief Executive has, through the authority given to him by the Board, given delegated authority for the oversight of risk from within the business to senior management from both line businesses and risk control functions.

Senior management in the businesses are accountable for all risks assumed in their areas of responsibility and for the execution of appropriate risk management discipline within the framework of policy and delegated authority set out by the Board. The principle of individual accountability and responsibility for risk management is an important feature of our corporate culture. Day to day independent and objective assessment and monitoring of risk is provided by various control functions at the Group level and in the business. These control functions include Group Risk, Finance, Legal and Compliance, Human Resources and Internal Audit. In addition, risk management functions reside within each business unit, with formal reporting lines and segregation of duties for the key risk, compliance, legal and finance functions.

### OPERATIONAL RISK AND INTERNAL CONTROLS

Operational risk arises from the potential for the Group to suffer losses due to failures in processes or procedures in its business. Operational risk is mitigated by the Group's control environment. The directors and senior managers of the Group are committed to maintaining high standards of control and a risk aware culture to safeguard the Group's assets, reputation and franchise. The Group pays particular attention to operational and reputational risks relating to product suitability, sales practices at intermediaries and the accuracy of its valuation and investor reporting processes.

Significant resources are devoted to protecting the resilience of the Group's information technology systems, including formal business continuity plans and remote data back-up and disaster recovery facilities for each of its key locations. Business continuity for its core activities is regularly tested to maintain effectiveness. An insurance program is tailored to its risk profile and designed to maximise breadth of cover and certainty of response in respect of key third party liabilities, loss of Group assets, business interruption, professional indemnity, cash and goods in transit and people-related exposures. The Company's systems of internal control aim to safeguard assets, maintain proper accounting records and provide assurance that the financial information used in the business and published externally is robust and reliable.

#### Review of controls and risk management systems

The Board receives reports from line management and Group Risk on the risks to the achievement of the Group's operational and financial objectives, together with assurance that the level of risk sustained is consistent with and being managed in accordance with its risk appetite. This includes reports on the current and forward looking assessments of capital and liquidity adequacy. The Audit Committee receives reports from The Senior Manager, Risk and Control which considers the effectiveness of risk controls through regular monitoring of risk scenarios, key risk indicators and operational risk incident reports. This is described in more detail in the Risk Management section of the report on pages 48-50 and from the Chairman of the Audit Committee. Objective assurance on the operation and effectiveness of internal controls is provided by Internal Audit whose audit program is targeted on the business areas and processes that are most significant in terms of the Group's risk profile and where there are key controls on which the Group relies.

In addition to its ongoing monitoring of risk controls, the Board has conducted a specific year end review of the effectiveness of the Group's system of internal control and risk management during the year and for the period up to the date of this Annual Report. This process, which was also reviewed by the Audit Committee, covered all controls; operational, financial and compliance and risk management systems. It included a review of all significant operational risk incidents and internal audit findings raised during the year. Management does, however, have an ongoing process for identifying, evaluating and managing significant risks faced by the Group and continually takes action to improve internal controls as a result of its own initiatives and in response to reports from Internal Audit and other internal and external reviews.

#### Trading in Company securities by Directors, Officers and Employees

The Colombo Stock Exchange has established guidelines, that restrict dealings by directors and relevant employees in the Company's shares and in shares in other companies related to the Company's operations.

Based on the guidelines and on the basis of knowledge of unpublished price-sensitive information, directors and relevant employees are restricted from buying or selling shares during identified periods. These periods include two (02) market days following the announcement of quarterly and full year results and following the announcement of a dividend or share issue.

#### CODE OF CONDUCT

##### ICASL CODE D.4

Through established practices and policies the Board supports the need for directors and employees to observe the highest standards of behaviour and business ethics. All directors, senior managers and employees are expected to act with integrity, striving at all times to enhance the reputation and performance of the Group. Appropriate training programs on the Group's internal policies including workplace health and safety, environmental law compliance, trade practices legislation and affirmative action programs support this process. The Board recognises that managing "natural, human, social and other forms of capital" may also assist in creating value for shareholders. To this end the Board seeks, by the individual contributions of directors and by encouraging activities of its executives, to uphold community standards and to maintain good relations with community and government organisations.

The Code of Conduct which draws together all of the Company's policies and codes was made more comprehensive during the year and is available on the Company's website [www.hemas.com](http://www.hemas.com)

All directors and members of the senior management affirm that they have complied with the Code during the year under review.

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### STATEMENT OF COMPLIANCE WITH THE CODE OF BEST PRACTICE

#### ICASL CODE D.5

The Company has, throughout the year ended 31 March 2012, applied the principles of and complied with the provisions of the Code of Best Practice on Corporate Governance (2008) issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

#### INSTITUTIONAL INVESTORS

##### ICASL CODE E.1

Hemas undertakes a series of meetings and events for institutional investors and research analysts each year. The Board routinely receives, as part of the Chief Financial Officer's monthly performance review report, updates on significant share movements, analysts' consensus forecasts, market sentiment and feedback from investor meetings. The CEO and the Chief Financial Officer attend results presentations to analysts and hear at first hand their perceptions and concerns about the business.

#### THE FUTURE

The essence of good corporate governance is ensuring trustworthy relations between the corporation and its stakeholders. Therefore, good governance involves a lot more than compliance. Good corporate governance is a culture and a climate of Consistency, Responsibility, Accountability, Fairness, Transparency, and Effectiveness that is deployed throughout the organization.

Your board will continue to provide effective oversight and strategic guidance to the management, establishing a culture that sets the right tone at the top, which is critical for establishing the 'trust' for the corporation with all its stakeholders.

We look forward to welcoming shareholders to our AGM to be held on 29th June 2012 and updating them on the progress and significant changes to the business this year.

CSE Rule No.	Applicable Rule	Requirement	Status of compliance	Reference to Annual Report
7.10.1	Non executive Directors(NEDs)	Two or at least one third of the total number of Directors should be NEDs.	√	Corporate Governance Report
7.10.2 (a)	Independent Directors	Two or one third of NEDs (whichever is higher) should be independent	√	Corporate Governance Report
7.10.2 (b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence/ non-independence in the prescribed format	√	Corporate Governance Report
7.10.3 (a) and (b)	Disclosure relating to Directors	Names of Independent Directors should be disclosed in the Annual Report	√	Corporate Governance Report
- do -	Disclosure relating to Directors	The basis for determination of independence of NEDs, if criteria for independence is not met.	√	Corporate Governance Report
7.10.3 (c)	Brief Resume of each Director in the Annual Report	A brief resume of each Director should be included in the Annual Report, including his area of expertise	√	Annual Report of the Directors
7.10.4	Criteria for defining "independence"	Requirements for fulfilling criteria	√	Corporate Governance Report

CSE Rule No.	Applicable Rule	Requirement	Status of compliance	Reference to Annual Report
<b>Rules relating to Remuneration Committees</b>				
7.10.5 (a)	Composition of Remuneration Committee	The Committee shall comprise of Non-Executive Directors, a majority of whom shall be independent. The Chairman of the Committee shall be a Non-Executive Director.	√	Remuneration Committee Report
7.10.5 (b)	Disclosure of the functions of the Remuneration Committee	The Committee shall recommend the remuneration payable to the Executive Directors and Chief Executive Officer or equivalent role.	√	Corporate Governance Report & Remuneration Committee Report
7.10.5 (c)	Disclosure in the Annual Report	The Report should include the names of the Remuneration Committee members, a statement of Remuneration Policy and the aggregate remuneration paid to Executive and Non - Executive directors.	√	Corporate Governance Report, the Annual Report of the Directors and the Remuneration Committee report.
<b>Rules relating to Audit Committees</b>				
7.10.6 (a)	Composition of Audit Committee	Shall Comprise of NEDs, a majority of who shall be independent. The Chairman of the Committee shall be a Non-Executive director. The Chairman or a member should be a member of a recognized professional accounting body.	√	Corporate Governance Report, the Annual Report of the Directors and the Audit Committee report.
7.10.6 (b)	Functions of the Audit Committee	<ul style="list-style-type: none"> <li>*Overseeing the preparation , presentation and adequacy of the disclosures in the financial statements in accordance with the SLAS.</li> <li>*Overseeing compliance with financial reporting related regulations and requirements.</li> <li>*Overseeing the processes to ensure that internal controls and risk management are adequate.</li> <li>*Assessing the independence and performance of the external auditors.</li> <li>*Recommending to the board the appointment, re- appointment and removal of the external auditors and approving their remuneration and terms of engagement.</li> </ul>	√	Corporate Governance Report and the Audit Committee report.
7.10.6 (c)	Disclosure in the Annual Report	The names of the members of the Audit Committee. The basis of determination of their independence. A report of the Audit Committee setting out the manner of compliance with their functions.	√	Annual Report of the Directors and Audit Committee report.