

ANNEXURE – E**REPORT ON CORPORATE GOVERNANCE**

Corporate governance is about commitment to values and ethical business conduct. It is also about how an organization is managed viz., its corporate and business structure, its culture, policies and the manner in which it deals with various stakeholders. Timely and accurate disclosure of information regarding the financial position of the company, its performance and ownership forms part of the corporate governance.

CORPORATE GOVERNANCE PHILOSOPHY

The company is committed to the highest standards of corporate governance in all its activities and processes.

The company has always believed in and practices the highest standards of corporate governance since its inception. The board recognizes that governance expectations are constantly evolving and it is committed to keeping its standards of transparency and dissemination of information under continuous review to meet both letter and spirit of the law and its own demanding levels of business ethics.

BOARD OF DIRECTORS

The corporate governance practices of the company ensure that the board remains informed, independent and involved in the company and that there are ongoing efforts towards better governance to mitigate “non-business” risks.

The board is fully aware of its fiduciary responsibilities and recognizes its responsibilities to shareholders and other stakeholders to uphold the highest standards in all matters concerning the company and has empowered responsible persons to implement its broad policies and guidelines and has set up adequate review processes.

The board of directors ('the board') is committed to representing the long-term interests of the stakeholders and in providing effective governance over the company's affairs and exercise reasonable business judgment on the affairs of the company.

The company's day to day affairs are managed by the managing director, assisted by a competent management team, under the overall supervision of the board. The company has in place an appropriate risk management system covering various risks that the company is exposed to, including fraud risks, which are discussed and reviewed by the audit committee and the board every quarter.

The company's commitment to ethical and lawful business conduct is a fundamental shared value of the board, the senior management and all employees of the company. Consistent with its values and beliefs, the company has formulated a code of conduct applicable to the board and senior management. Further, the company has also adopted an insider trading code for prevention of insider trading and a whistle blower policy for reporting any concerns or grievances by directors / employees / customers and vendors in their dealings with the company. In order to ensure that the mechanism is effective and as prescribed, direct access to the chairman of the audit committee is provided to the complainant.

Composition

The board has been constituted in a manner as per SEBI (LODR), 2015 of the listing agreement and the Companies Act, 2013 (the Act). The board has an appropriate mix of executive / non-executive and independent directors, including a woman director to ensure proper governance and management. The directors are elected based on their qualification and experience in varied fields.

In all there are Six Directors, Two Executive and Four Independent Director.

Name of the Director	Designation	Category
Justice Ponniah Bhaskaran	Chairman	Independent and Non-Executive Director
Mr. Ashok Jawarilal Galada	Managing Director	Promoter and Executive Director
Mr. Naveen Ashok Galada	Director	Promoter and Non-Executive Director
Mr. Subramnaiyer Venkatakrishnan	Director	Independent and Non-Executive Director
Mr. Kunjithapatham Ramu	Director	Independent and Non-Executive Director
Mrs. Indira Srinivasan Royakottam	Director	Independent and Non-Executive Director

The details of directors as at 31 March, 2019 including the details of their other board directorship and committee membership reckoned in line with Listing Regulations and the Act as well as their shareholdings is given below:

Name of Director	No. of Directorship excluding Directorship in our Company	No. of shares held in the company	No. of board committee membership including GFL**	Chairman
Mr. Ashok Jawarilal Galada	3	171850	1	-
Justice Ponniah Bhaskaran	Nil	1900	-	1
Mr. Subramnaiyer Venkatakrishnan	15	500	1	1
Mr. Kunjithapatham Ramu	Nil	Nil	1	-
Mr. Naveen Ashok Galada	2	90512	1	-
Mrs. Indira Srinivasan Royakottam	Nil	Nil	-	-

* for the purpose of Directorship / committee membership, all private companies and section 8 companies have been considered.

** only Chairmanship / membership of audit committee and stakeholders relationship committee have been considered.

The Independent Directors of the Company provide an Annual Certificate of Independence in Accordance with Listing Regulations and the Act to the company which is taken on record by the board. All the board members including Independent Directors have the opportunity and access to interact with the management.

Separate Meeting of Independent Directors

During the year under review, in line with SEBI (LODR), 2015 and the Act, the Independent Directors had a separate Meeting on 8th February, 2019 without the presence of the management team and the non-Independent Directors of the company.

Board Meetings

The board meets at regular intervals with an annual calendar and a formal schedule of matters specifically reserved for its attention to ensure that it exercises full control over significant strategic, financial, operational and compliance matters. The board is regularly briefed and updated on the key activities of the business and is provided with briefings and presentations on operations, quarterly financial statements and other matters concerning the company.

During the year, the Board of Directors met 5 (five) times on 16.04.2018, 25.05.2018, 04.08.2018, 09.11.2018, 08.02.2019 and in respect of which meetings proper notices were given and the proceedings were properly recorded and signed, in the Minutes Book maintained for the purpose.

COMMITTEES OF THE BOARD

The board has constituted various committees to support the board in discharging its responsibilities.

There are four committees constituted by the board – Audit committee, Stake holders relationship committee, Nomination and remuneration committee and Risk management committee.

The board at the time of constitution of each committee fixes the terms of reference and also delegates powers from time to time. Various recommendations of the committees are submitted to the board for approval. The minutes of the Meetings of all the committees are circulated to the board for its information.

AUDIT COMMITTEE

Terms of Reference

The committee acts as a link between the board, the statutory auditors and the internal auditors. The role of the audit committee includes overseeing the financial reporting process and disclosure of financial information, review of financial statements, adequacy of internal financial control and risk management systems, findings of internal audits / investigations, whistle blower policy, monitoring the usage of funds from issue proceeds, to grant approvals for related party transactions which are in the ordinary course of business and on an arm's length basis, scrutiny of inter-corporate loans and investments, besides recommending the appointment / removal of the statutory auditors, the internal auditors and fixing their remuneration and review of the effectiveness of audit process.

Composition & Meetings

The committee comprises of three non-executive independent directors. As at 31 March, 2019, the committee comprised of the following members:

Name of members	Status in Committee	Nature of Directorship
Justice Ponniah Bhaskaran	Chairman	Independent and Non-executive Director
Subramnaiayer Venkatakrisnan	Member	
Kunjithapatham Ramu	Member	

During the year, the committee met five times on 16.04.2018, 25.05.2018, 04.08.2018, 09.11.2018 and 08.02.2019. All members of audit committee have knowledge of financial management, audit and accounts.

NOMINATION AND REMUNERATION COMMITTEE

Terms of Reference

The role of the committee is to determine the company's policy on specific remuneration packages for executive directors. The terms of reference *inter alia* includes the role of the committee to further consider and recommend persons who are qualified for board positions, evaluate directors performance prior to recommendation for re-appointments, persons who are qualified to be in senior management, formulate the criteria for determining qualifications, positive attributes and independence of a director and devising a policy on board diversity. Decisions for selecting a director is based on the merit, qualification, competency and the company's business needs. The recommendations of the committee are placed before the board for its approval.

Composition & Meetings

As at 31 March, 2019, the committee comprised of the following members:

Name of members	Status in Committee	Nature of Directorship
Kunjithapatham Ramu	Chairman	Independent and Non-executive Director
Justice Ponniah Bhaskaran	Member	
Subramnaiayer Venkatakrisnan	Member	

All the members of this committee comprise of independent directors. There was Two Meeting of the Committee held on 16.04.2018 and 25.05.2018 during 2018-19.

REMUNERATION OF DIRECTORS

Remuneration Policy

The success of any organization in achieving good performance and governance depends on its ability to attract quality individuals on the board. The company has in place a remuneration policy which is guided by the principles and objectives as enumerated in section 178 of the Act.

The managing director is the only executive director on the board who is entitled to receive remuneration. The non-executive directors are not entitled to any remuneration. The compensation to the managing director is within the scale approved by the shareholders. The elements of compensation comprise a fixed component and a performance incentive. The compensation is determined based on the level of responsibility and scales prevailing in the industry. The managing director is not paid sitting fees for any board / committee meetings attended by him.

The non-executive directors are also paid sitting fees subject to the statutory ceiling for all board and committee meetings attended by them.

Criteria for Board Nomination

The nomination and remuneration committee is responsible for identifying persons for initial nomination as directors and evaluating incumbent directors for their continued service. The committee in terms of the provisions of the Act and SEBI (LODR), 2015 identifies personnel, which *inter alia*, deals with the personal traits, competencies, experience, background and other fit and proper criteria. These attributes shall be considered for nominating candidates for board positions / re-appointment of directors.

Performance Evaluation

In terms of the provisions of the Act and SEBI (LODR), 2015, the board periodically carries out a performance evaluation of its own performance, the directors individually as well as the valuation of the working of the committees. The performance evaluation of the independent directors was carried out by the entire board. The performance of the chairman and the non-independent directors was carried out by the independent directors.

Remuneration of managing director:

Details of the remuneration of the managing director for the year ended 31 March, 2019 are as follows:

Name of the Managing Director	Salary	Allowance	Incentive*	Perquisites & Contributions	Total
Ashok Jawarilal Galada	Rs. 10,00,000	Nil	Nil	Nil	Rs. 10,00,000

Details of Remuneration and sitting fees paid to the other Directors

Name of the Director	Sitting Fees	Commission on Profits	Salary & Allowances	Contribution	Perquisites	Total
Justice Ponniah Bhaskaran	10,000	N.A	N.A	N.A	N.A	10,000/-
Subramnaiayer Venkatakrishnan	10,000	N.A	N.A	N.A	N.A	10,000/-
Kunjithapatham Ramu	10,000	N.A	N.A	N.A	N.A	10,000/-
Naveen Ashok Galada	Nil	Nil	Nil	Nil	Nil	Nil
Indira Srinivasan Royakottam	4000	N.A	N.A	N.A	N.A	4,000/-

STAKEHOLDERS RELATIONSHIP COMMITTEE

Terms of Reference

The role of the committee includes formulation of shareholders' servicing plans and policies, consideration of valid share transfer requests, share transmissions, issue of duplicate share certificates, issue of share certificates for split, dematerialization, consolidation of shares, etc. The committee also monitors and reviews the mechanism of share transfers, dematerialization of shares and payment of dividends.

It further looks into the redressing of shareholders grievances like non-receipt of balance sheet, non-receipt of declared dividends and determining, monitoring and reviewing the standards for resolution of shareholders' grievances.

Composition & Meetings

As at 31 March, 2019, the committee comprised of the following members:

Name of member	Status in Committee	Nature of Directorship
Subramnaiayer Venkatakrishnan	Chairman	Independent and Non-Executive Director
Ashok Jawarilal Galada	Member	Promoter and Executive Director
Naveen Ashok Galada	Member	Promoter and Non-Executive Director

There were 6 meetings of the committee held during 2018-19 on 27.07.2018, 29.10.2018, 12.11.2018, 05.12.2018, 21.01.2019 & 21.02.2019.

The company has not received any grievances/complaints from the investors during the financial year 2018-2019.

RISK MANAGEMENT COMMITTEE

Terms of Reference

The role of the committee includes review of the risk management policy developed by the management, review of the risk management framework document and implementation of the actions planned in and periodical review of the process for systematic identification and assessment of the business risks.

Besides, the committee makes recommendations to the board, to the extent necessary on resources and staffing required for effective risk management and the action taken to manage the exposures and carry out any other function as may be necessary to ensure that an effective risk management system is in place.

Composition & Meetings

The committee comprises three non-executive directors independent directors. As at 31 March, 2019, the committee comprised of the following members:

Name of member	Status in Committee	Nature of Directorship
Justice Ponniah Bhaskaran	Chairman	Independent and Non-executive Director
Subramnaiyer Venkatakrishnan	Member	
Kunjithapatham Ramu	Member	

During the year, the committee held 1 (one) meeting 08.02.2019

ATTENDANCE AT BOARD, COMMITTEE AND GENERAL MEETINGS

Name of the directors	Board	Audit Committee	Stake holders Relationship Committee	Nomination & Remuneration Committee	Risk Management Committee	Attendance at Last AGM
Justice Ponniah Bhaskaran	5	5		2	1	Yes
Subramnaiyer Venkatakrishnan	5	5	6	2	1	Yes
Kunjithapatham Ramu	5	5		2	1	No
Ashok Jawarilal Galada	5	NA	6			Yes
Naveen Ashok Galada	5	NA	6			Yes
Indira Srinivasan Royakottam	4	NA				Yes

Note: The above reflects the attendance of directors at the meetings held during their term as a director / committee member.

GENERAL BODY MEETINGS

Particulars of venue, date and time of the previous three annual general meetings are given below:

Year	Date and time	Venue
2015-16	24.09.2016 at 04.00 p.m.	At the registered office of the Company
2016-17	23.09.2017 at 04.00 p.m.	At the registered office of the Company
2017-18	29.09.2018 at 04.00 p.m.	At the registered office of the Company

DETAILS OF SPECIAL RESOLUTIONS PASSED

Particulars of special resolutions passed in the previous three annual general meetings are given below:

F.Y / Date of AGM	Details
2015-16 / 24.09.2016	Nil
2016-17 / 23.09.2017	Nil
2017-18 / 29.09.2018	Nil

Extra-ordinary general Meeting

No extra-ordinary general meeting was held during the financial year ended 31st March 2019.

POSTAL BALLOT

No Postal Ballot was conduction during the financial year ended 31st March 2019

COMPLIANCE REPORT

A detailed compliance report is placed before the board every quarter and highlights of the report is circulated to the board along with the agenda every quarter. The board reviews the compliance of all applicable laws every quarter and gives appropriate directions, wherever necessary.

SECRETARIAL AUDIT

The company conducts a secretarial audit by an independent practicing company secretary. For the year ended 31st March, 2019 ASJ & Associates, Company Secretary in Practice (Membership No. FCS 41678/CP 15508) have conducted the Secretarial Audit of the Company and the certificate was placed before the board and attached to this report.

RECONCILIATION OF SHARE CAPITAL AUDIT

As required by the Securities and Exchange Board of India, quarterly audit of the company's share capital is being carried out by an independent external auditor with a view to reconcile the total share capital admitted with

National Securities Depository Limited (NSDL) and Central Depository Service (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The certificate issued by an independent practicing company secretary is submitted to the stock exchanges and is also placed before the board of directors.

CODE OF CONDUCT

The board has laid down a “Code of Conduct” for all the board members and the senior management of the company and the code of conduct have been posted on the website of the company. Annual declaration confirming compliance of the code is obtained from every person covered by the code of conduct. A declaration to this effect signed by Mr. Ashok Jawarilal Galada, Managing director is attached to this report.

PREVENTION OF INSIDER TRADING CODE

The board has adopted a code for the prevention of insider trading in the shares of the company.

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

The Auditors' certificate on compliance of corporate governance norms is annexed to the report.

CEO/CFO CERTIFICATION

Mr. Ashok Jawarilal Galada, Managing director & Mrs. K.R. Manimeghala, Chief Financial Officer have given a certificate to the board with regard to financial statements, compliance and internal control systems as contemplated under Regulations 17(8) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

DISCLOSURES

Related party transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no material transactions with related parties i.e., transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of company at large.

Suitable disclosures as required in compliance with accounting standards with related parties are disclosed in note on accounts in the annual report.

There were no instances of non-compliance on any matter related to capital markets during the last three years.

Whistle blower mechanism

The company has established a whistle blower mechanism to provide an avenue to raise concerns. The mechanism provides for adequate safeguards against victimization of directors /employees / customers who avail of the mechanism and also for appointment of an ombudsperson who will deal with the complaints received. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct access to the chairperson of the audit committee. We further affirm that during the year, no personnel have been denied access to the audit committee.

COMPLIANCE WITH CORPORATE GOVERNANCE NORMS

The company has complied with all mandatory requirements of corporate governance norms as enumerated in SEBI (LODR), 2015

The company has also adopted the following non-mandatory requirements:

There are no audit qualifications in the company's financial statements or qualification or adverse remark by the company secretary in practice in his secretarial audit report for the Financial Year ended 31st March, 2019.

MEANS OF COMMUNICATION

The audited financial results, quarterly results and other major announcements like notices of board meetings, book closures were published in Trinity Mirror issue in English and MakkalKural issue in vernacular language and are also available on the company's website www.galadafinance.in

MANAGEMENT DISCUSSION & ANALYSIS

A management discussion & analysis forms part of the annual report.

GENERAL SHAREHOLDER INFORMATION***REGISTERED OFFICE***

Galada Finance Limited
"Shanti Sadan", Old No.4, New No.7
Shaffee Mohamed Road,
Thousand Lights, Chennai 600 006
Phone : 28294830, 43099009, 28294831 Fax: 28294830

ANNUAL GENERAL MEETING

Date : 28th September 2019
Time : 04.00 p.m.
Venue : Registered office of the company

FINANCIAL YEAR

1 April to 31 March

DATES OF BOOK CLOSURE

22nd September 2019 to 28th September 2019 (Both days inclusive)

LISTING ON STOCK EXCHANGES

Equity shares:

The Bombay Stock Exchange Limited, Mumbai

The Shares of the Company are Listed in BSE, The Bombay Stock Exchange Limited, Mumbai.

REGISTRAR AND SHARE TRANSFER AGENTS (RTA)

“Cameo Corporate Services Limited”, Subramanian Buildings, No.1, Club House Road, Chennai 600 002,

Phone No.044-28460390-94, Fax No.28460129

is the Registrar and Share Transfer Agent (RTA) for handling the physical and electronic registry work. The shareholders are requested to address their share related requests / queries to the RTA.

Email ID for all investor queries & grievances - investor@cameoindia.com & for non-receipt of annual reports -: agm@cameoindia.com

DEMATERIALIZATION OF SHARES AND LIQUIDITY

The Equity shares of the Company are made available for dematerialization under depository system operated by the Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL). The Shares of your Company are under compulsory DEMAT settlement mode and can be traded only in the DEMAT form. Shares dematerialized up to March 31, 2019 are under

Sl No.	Particulars of Capital Structure	No. of shares	% of Total issued capital
1.	Listed Capital(Exchange wise) as per Company's Record	30,00,000	100.00%
2.	Held in dematerialized Form in CDSL	10,32,363	34.41%
3.	Held in dematerialized Form in NSDL	14,02,687	46.76%
4.	Physical	5,64,950	18.83%

SHARE TRANSFER SYSTEM

The shares of the Company are traded on the Stock Exchanges through the Depository System. The DEMAT ISIN in National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) is **INE243E01010**

All requests received by the Company/ RTA for dematerialization/ re-materialization, transfers, transmissions, subdivision, consolidation of shares or any other share related matters and/or change in address are disposed off expeditiously.

Green initiative in corporate governance

The Companies Act, 2013 and the underlying rules permit companies to send various documents including the financial statements through electronic mode to the shareholders. To support the green initiative and to receive all documents, notices, including annual reports and other communications of the company, investors who have not registered their email address are requested to register the e-mail ID with the Depository Participant, if the holding is in electronic mode. If shares are held in physical mode, the shareholders may give a positive consent in writing to RTA for receiving by electronic mode.

Details of complaints received and redressed

During the year, no investor service complaints were received.

Designated email address for investors services

In terms of Listing Regulations, the designated email address for investor complaints is info@galadafinance.in

Payment of unclaimed / unpaid dividend

Members who have not yet encashed their dividend warrants for previous years are advised to forward such warrants to the Company for revalidation. Dividend, which remains unclaimed for a period of Seven Years, will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.

The Following table gives information relating to outstanding dividend accounts and the dates by which they can be claimed by the Shareholders.

Financial Year	Date of declaration	Proposed date for transfer to IEPF *
2012 - 2013	27th July 2013	27th July 2020

*indicative dates. Actual dates may vary.

Distribution of Shareholding as on 31 March, 2019

Share holding of Nominal value of		Shareholders		Share Amount	
Rs.	Rs.	Number	% to total	(in Rs.)	% to total
(1)		(2)	(3)	(4)	(5)
Upto 5,000		377	64.3345	9,51,500	3.1717
5,001 - 10,000		103	17.5768	8,81,750	2.9392
10,001 - 20,000		31	5.2901	4,69,880	1.5663
20,001 - 30,000		20	3.4130	5,08,990	1.6966
30,001 - 40,000		08	1.3652	2,89,500	0.9650
40,001 - 50,000		04	0.6826	1,94,660	0.6489
50,001 - 1,00,000		08	1.3652	5,82,960	1.9432
1,00,001 AND ABOVE		35	5.9726	2,61,20,760	87.0692
TOTAL		586	100.0000	3,00,00,000	100.0000

Shareholding pattern

Category	No. of Shares	Percentage of share-holding
A. PROMOTER'S HOLDING		
1. Promoters* - Indian promoters – Individual/HUF - Indian promoters – Bodies Corporate - Foreign promoters	817,469 563,735 Nil	27.25% 18.79% Nil
2. Persons acting in concert#	Nil	Nil
Sub-total	13,81,204	46.04%
B. NON-PROMOTERS HOLDING		
3. Institutional Investors		
a. Mutual Funds	Nil	Nil
b. Banks, Financial Institutions, Insurance companies (Central/ State Government Institutions/ Non-Government Institutions	Nil	Nil
c. Foreign Institutional Investors	Nil	Nil
4. Others	Nil	Nil
a. Private Corporate Bodies	3,31,030	11.04%
b. Indian Public	12,68,842	42.29%
c. NRIs/OCBs	Nil	Nil
d. Any other NRI	5,601	0.19%
Hindu Undivided Families	12,623	0.42%
Clearing Members	700	0.02%
Sub total	16,18,796	53.96%
GRAND TOTAL	30,00,000	100.00%

OUTSTANDING GDRs / ADRs ETC.

The company has not issued any GDR / ADR or any convertible instruments that is likely to impact the equity share capital of the company.

LOCATION

The operations of the company at locations outside the Chennai jurisdiction are initiated thru Resident Local Representatives, while accounting and other administrative operations are centralized and controlled at the Registered / Corporate Office at Chennai.

ADDRESS FOR COMMUNICATION**Registrars and Share Transfer Agents**

M/s. Cameo Corporate Services Ltd.

'Subramanian Building', No.1

Club House Road, Chennai - 600 002

Phone : 28460390; Fax : 28460129; Grams : Cameo;

E-mail : cameo@cameoindia.com; Website : www.cameoindia.com

Registered and Corporate Office of the Company

Galada Finance Limited

"Shanti Sadan", Old No.4, New No.7

Shaffee Mohamed Road,

Thousand Lights, Chennai 600 006

Phone : 28294830, 43099009, 28294831 Fax: 28294830

In terms of Listing Regulations of Stock Exchanges, investors may please use info@galadafinance.in as E-mail ID for redressal of investor request/complaint.

For and on behalf of the Board of Directors

Justice Ponniah Bhaskaran

Chairman

DIN: 00126136

Date: 14.08.2019

Place: Chennai