

ANNEXURE – B
REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is a system by which a corporate entity is directed and controlled in a given economic, political and social environment. It also entails the interplay between different stakeholders of a corporation, viz., Board of Directors, Equity holders, Employees, Customers and the Government. It deals with how a company fulfils its obligations to investors and other stakeholders. It is about creating shareholder wealth while ensuring a fair play to all other stakeholders and society at large.

The Company believes that proper corporate governance facilitates effective management and control of business. Galada Finance Limited (GFL) remains committed in practicing the principles of good corporate governance over the years. The Board of Directors firmly believes in the values of transparency, professionalism, accountability and integrity.

2. BOARD OF DIRECTORS:

Composition and category of Board of Directors

The Board of Directors of the company comprises of Executive, Non-Executive and Independent Directors. In all there are six Directors, Two Executive and four Independent Director.

Name of the Director	Designation	Category
Mr. J. Ashok Galada Mr. Naveen Galada	Managing Director Whole Time Director	Promoter and Executive Director
Justice P Bhaskaran	Chairman	Independent and Non-Executive Director
Mr S Venkatakrishnan Mr K Ramu Mrs. Indira Srinivasan Royakottam	Director	Independent and Non-Executive Director

During the financial year 2013-2014, 04 (four) number of Board Meetings were held on 30.05.2013, 27.07.2013, 24.10.2013 and 31.01.2014. The Annual General Meeting was held on 27th July 2013.

Attendance of each Director at Board Meetings, last Annual General Meeting and Number of other Directorships and Membership/Chairmanship of Committees of each Director in various Companies

Name of the Director	Attendance Particulars		Number of Directorship and Committee Member/Chairmanships		
	Board Meeting	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Justice P Bhaskaran	4	Yes	Nil	Nil	Nil
S. Venkatakrishnan	4	Yes	22	Nil	Nil
K. Ramu	4	Yes	Nil	Nil	Nil
J. Ashok Galada	4	Yes	05	Nil	Nil
Naveen Galada	4	Yes	03	Nil	Nil

3. MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS

There have been no materially significant related party transactions, pecuniary transactions or relationships between Galada Finance Limited and its Directors for the year ended 31st March 2014.

Transactions with related parties as per the requirements of Accounting Standard (AS 18) – 'Related Party Disclosures' are disclosed in Notes on accounts in the Annual Report for 2013-2014.

4. MATERIAL PECUNIARY RELATIONSHIP OR TRANSACTIONS WITH NON-EXECUTIVE DIRECTORS

None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.

5. REMUNERATION OF DIRECTORS : SITTING FEES, SALARY, PERQUISITES AND COMMISSION

Remuneration paid or payable to Directors during 2013 - 2014.

Name of the Director	Sitting fees	Commission on profits	Salary & Allowances	Contribution	Perquisites	Total
Justice P Bhaskaran	8000	N.A	N.A	N.A	N.A	8,000/-
S. Venkatakrishnan	8000	N.A	N.A	N.A	N.A	8,000/-
K. Ramu	8000	N.A	N.A	N.A	N.A	8,000/-
Ashok J Galada	Nil	Nil	15,00,000	Nil	Nil	15,00,000/-
Naveen Galada	Nil	Nil	Nil	Nil	Nil	Nil

6. CODE OF CONDUCT

A report on the compliance aspect of the Code of Conduct given by the Managing Director who is the CEO has been given at the end of this report.

7. BOARD COMMITTEES:-

A. AUDIT COMMITTEE:

The Audit Committee comprise of the following members:

Name of members	Status in Committee	Nature of Directorship
Justice P Bhaskaran	Chairman	Independent and Non-executive Director
S. Venkatakrishnan	Member	
K. Ramu	Member	

The terms of reference of the Audit Committee are as per the guidelines set out in the listing Agreement with the stock exchange and these also conform to the provisions of Section 292A of the Companies Act, 1956.

Meeting and Attendance of the Committee:-

During the financial year four Audit Committee meetings were held on 30.05.2013, 27.07.2013, 24.10.2013 and 31.01.2014.

The Attendance of members at the Audit Committee Meetings held during the year 2013-2014 is given below:

Name of the members	Attendance Particulars	
	Meeting Held	Meetings Attended
Justice P Bhaskaran	4	4
S. Venkatakrishnan	4	4
K. Ramu	4	4

The scope of the Audit Committee inter alia includes:

- Review of the Company's financial reporting process, financial statements and financial / risk management policies
- Review of the adequacy of internal control systems and the adequacy of the internal audit function

- Discussion with the management and external auditors on the audit plan for the financial year and a joint post-audit review of the same.
- Carrying out such other functions as may be specifically referred to the Committee by the Company's Board of Directors and/or other Committees of Directors.

B. REMUNERATION AND NOMINATION COMMITTEE:

The Remuneration and Nomination Committee was constituted on 24th October, 2013 and comprises of the following:

Name of member	Status in Committee	Nature of Directorship
K. Ramu	Chairman	Independent and Non-executive Director
Justice P. Bhaskaran	Member	
S. Venkatakrishnan	Member	

During the year, one meeting of the committee was held on 31st January 2014 and all the members were present.

Terms of Reference of the Committee, inter alia, includes the following

To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/ or removal.

To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and assessment criteria

To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable

C. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

The Company has a Shareholders/Investors Grievance Committee comprising of Mr S. Venkatakrishnan, Independent and Non-Executive Director as Chairman with Mr J Ashok Galada and Mr Naveen Galada being the other two Members.

The Committee is vested with the requisite powers and authorities to specifically look into redressal of shareholder and investor grievances.

5 (five) number of shareholders/Investors Grievance committee Meeting was held during the financial year 2013-2014 on 02.09.2013, 27.09.2013, 03.02.2014, 19.02.2014 and 06.03.2014.

The terms of reference of this committee are as under:-

The committee specifically looks into redressing of shareholder's and investor's complaints/ grievances such as transfer of shares, non-receipt of shares, non-receipt of declared dividend, non-receipt of annual report and to ensure expeditious share transfers.

The Committee oversees the performances of share transfer and recommends measures to improve the shareholders/Investors service.

Approves the issue of duplicate certificate.

The Committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement of the quality of investor services.

Name and designation of compliance Officer

CS Alpa Jain
Company Secretary

8. INVESTOR GRIEVANCES

The company has not received any grievances/complaints from the investors during the financial year 2013-2014:-

The dematerialization requests from the shareholders were carried out within the stipulated time period and no certificates were pending for dematerialization as the end of the financial year 31st March 2014

9. SECRETARIAL AUDIT REPORT REGARDING RECONCILIATION OF CAPITAL.

As required by the regulations of SEBI, the issued and listed capital of the Company is reconciled with the aggregate of the number of shares held by the investors in physical mode and in the electronic mode. A Certificate is obtained on a quarterly basis to this effect from a Company Secretary in whole time Practice and submitted to the Madras Stock Exchange where the Company's shares are listed. No discrepancies were found or reported by the Secretarial Auditor between the issued and the listed capital and the aggregate of shares held by investors in both physical form and in electronic form with the depositories for the financial year under report.

10. GENERAL BODY MEETINGS:

The Particulars of Annual General Meetings held during the last three years are as under:-

YEAR	DATE AND TIME	VENUE
2010-11	30.07.2011 at 04.00 p.m.	At the registered office of the Company
2011-12	28.07.2012 at 04.00 p.m.	At the registered office of the Company
2012-13	27.07.2013 at 04.00 p.m.	At the registered office of the Company

Special Resolution Passed in the Past Three AGM's:-

2010-2011:- No special resolutions were passed in this annual general meeting.

2011-2012:- No special resolutions were passed in this annual general meeting.

2012-2013:- No special resolutions were passed in this annual general meeting.

Postal Ballots:

No resolutions were passed through Postal Ballot during the financial year ended 31st March 2014.

Extra-ordinary general Meeting

No extra-ordinary general meeting was held during the financial year ended 31st March 2014.

11. DISCLOSURES

Disclosure on accounting treatment: No differential treatment from the Accounting standards was followed in the preparation of the financial statements.

The Company has adopted a Whistle Blower Policy and has established the necessary mechanism in line with Clause 7 of Annexure I D to Clause 49 of the Listing Agreement with the Stock Exchanges for the employees to report concerns about unethical behavior.

No employee has been denied access to approach the audit committee to report any serious concerns.

The company has complied with all the mandatory requirements of Clause 49 of the listing agreement and the extent of compliance of the Non-mandatory requirements is given in the end of this Report.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years : NIL

No money has been raised through Public/ Right / Preferential issue during the year

12. GENERAL SHAREHOLDERS INFORMATION:

i) Means of communication: The Company publishes its quarterly and annual results in the Trinity Mirror issue in English and Makkal Kural issue in vernacular language.

ii) Date of Annual General meeting : 27th September 2014
 Time : 04.00 p.m.
 Venue : Registered office of the Company

iii) Financial Calendar

Results	For the year ended March 31, 2014 was announced on	For the year ending March 31, 2015 will be announced on
First quarter	27.07.2013	Announced on 02 nd August 2014
Second quarter	24.10.2013	Second week of November 2014
Third quarter	31.01.2014	Second week of February 2015
Fourth quarter and Annual	29.05.2014	Last week of May 2015

iv) Book-Closure Date : 23rd September 2014 to 27th September 2014
 (Both days inclusive).

v) Listing on the Stock Exchanges

The Equity Shares of the Company are listed only in the Madras Stock Exchange. The company confirms that it has paid annual listing fees to the Madras Stock Exchanges for the year 2014-2015.

The ISIN Number (Demat) is INE243E01010.

The Company is in the process of applying to the Bombay Stock Exchange for listing its shares.

vi) **Stock Market Data**

During the year under review, no transaction has taken place in the equity shares of the Company on the Madras Stock Exchange where the Company's shares are listed.

vii) Distribution of shareholding by ownership as on 31st March 2014

Category	No. of shares	Percentage of share holding
A. PROMOTER'S HOLDING		
1. Promoters*		
- Indian promoters	13,79,567	45.991%
- Foreign promoters	Nil	Nil
2. Persons acting in concert#	Nil	Nil
Sub-total	13,79,567	45.991%
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	2,36,600	7.89%
b. Indian Public	13,83,833	46.13%
c. NRIs/OCBs	Nil	Nil
d. Any other (Please specify)	Nil	Nil
Sub total	16,20,433	54.01%
GRAND TOTAL	30,00,000	100.00%

viii) Distribution of shareholding by size as on 31st March 2014

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		250	53.7634	8,84,000	2.9467
5,001 - 10,000		101	21.7204	8,66,000	2.8867
10,001 - 20,000		27	5.8065	4,13,330	1.3778
20,001 - 30,000		21	4.5161	5,38,000	1.7933
30,001 - 40,000		11	2.3656	3,98,000	1.3265
40,001 - 50,000		03	0.6452	1,36,000	0.4533
50,001 - 1,00,000		06	1.2903	4,09,000	1.3633
1,00,001 and above		46	11.2312	2,63,55,670	87.8522
TOTAL		471	100.000	3,00,00,000	100.0000

ix) **Dematerialisation of shares**

As at 31st March 2014, equity shares numbering 21,89,300 of Rs.10/- each (72.98% of the total number of shares) is in dematerialized form.

x) **Outstanding GDRs/ADRs/Warrants or Convertible Instruments**

Not applicable

xi) **Address for Correspondence:**

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

(xii) E-mail ID of Investor Grievance redressal Cell: galadafinancelimited@yahoo.co.in

ANNEXURE TO THE DIRECTORS REPORT

Auditors' Certificate on compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement

TO THE MEMBERS OF GALADA FINANCE LIMITED

We have examined the compliance of conditions of Corporate Governance by Galada Finance Limited for the year ended on 31st March 2014 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that there were no investor grievances remaining unattended/pending for more than 30 days.

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

For Chandarana & Sanklecha
Chartered Accountants
Firm Registration No. 000557S

Bharat Raj Sanklecha
Proprietor
Membership No. 27539

Place : Chennai
Date : 29.05.2014