

# HARMONY CAPITAL SERVICES LIMITED

## CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company believes that good corporate governance is essential to achieve long-term corporate goals and to enhance stakeholder value. There is no one universal model of a corporate governance code. Different environments require specific solutions to meet the demands of legal compliances and regulations. However there is a single thread, which weaves through the tapestry of governance that calls for the affairs of a Company to be controlled and regulated in a manner that is transparent, ethical and accountable. In pursuit of this objective, your Company is committed to achieving transparency in all its dealings, providing high quality products and services to its customers and stakeholders. This places a significant emphasis on integrity, proper internal controls and regulatory compliances, which cannot be compromised. The basic philosophy of Corporate Governance in your Company has been to achieve business excellence, to enhance shareholder value, keeping in view the needs and the interest of all its stakeholders and customers.

### CORPORATE GOVERNANCE GUIDELINES

The board has developed Corporate Governance Guidelines to help fulfill, our corporate responsibility towards our stakeholders. These guidelines ensure that the Board will have the necessary authority and processes in place to review and evaluate our operation when required. Further, these guidelines allow the Board to make decisions that are independent of the management. The Board may change these guidelines from time to time to effectively achieve our stated objects.

### BOARD OF DIRECTORS

#### **A. The constitution of the Board**

The Board of Harmony capital services limited. Consists of 4 Directors, three of whom are non-executive. Shri K. K. Jhunjhunwala represent the Promoter group. Shri Asutosh Raulo is the Chairman and Managing Director of the Company.

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According to Clause 49 of the Listing Agreement if the Chairman is an executive, at least half of the board should consist of non-executive, independent directors, this provision is now met at Harmony capital services Ltd. All non-executive directors are persons of eminence, and bring a wide range of expertise and experience to the Board.

As per statutory requirements, at least two third of the Board should consist of retiring directors. Of these, one third are liable to retire by rotation every year and if eligible, offers themselves for reappointment subject to consent of members in meeting. Two directors in Harmony Capital services Ltd. will be retiring directors.

## **B. Attendance record of directors.**

The composition of the Board and the attendance record of all the directors at the four Board meetings held during 2011-2012:

<b>Sr. No.</b>	<b>Name of Director</b>	<b>Designation</b>	<b>Board Meetings Attended</b>
1	Asutosh Raulo	Chairman & MD	7
2	Krishna Kumar Jhunjunwala	Director	7
3	Shushikumar Sharma	Director	7
4	Balaji Bhagwat Raut	Director	4

The Chairman briefs the Board at every meeting on the overall performance of the Company, followed by presentations by the Executive. The non-executive directors are also given opportunities to express their respective opinions. A detailed report is also placed at every Board Meeting. The Board also reviews:

- Compliance with statutory / regulatory requirements and review of major legal issues.
- Adoption of quarterly / half yearly / annual results.

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## C. Outside Directorships and Membership of Board Committees.

The Number of outside directorships and committee positions held by the directors of Harmony capital Services Ltd. can be summarized as follows:

Sr. No.	Name of Director	Listed Companies	Directorship in Unlisted Public Limited Companies	Membership of Board Committees
1	Asutosh Raulo	NIL	NIL	NIL
2	Krishna Kumar Jhunhunwala	NIL	NIL	NIL
3	Shushilkumar Sharma	NIL	NIL	NIL
4	Balaji Bhagwat Raut	NIL	NIL	NIL

## D. Number of Board meetings held.

The Board of Director met 7 (Seven) times on the following dates: 18<sup>th</sup> day of July 2011, 19<sup>th</sup> day of July 2011, 30<sup>th</sup> day of July 2011, 20<sup>th</sup> day of August 2011, 31<sup>st</sup> day of August 2011, 29<sup>th</sup> day of October 2011 and 19<sup>th</sup> day of January 2012.

## AUDIT COMMITTEE

### i. Constitution and Composition of the Audit Committee

With a view to ensure compliance with the various requirements under the Companies Act, 1956 and Clause 49 of the Listing Agreement, Harmony Capital services Ltd. has set up its Audit Committee. The Company has been taking measures from time to time to improve the effectiveness of the Committee.

#### The Audit Committee consists of four Directors:

1. Shri Asutosh Raulo
2. Shri Krishna kumar Jhunhunwala
3. Shri Shushilkumar Sharma
4. Shri Balaji Bhagwat Raut

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Shri Asutosh Raulo is Chairman of the Committee and all the other members of the audit committee are non-executive directors.

## ii. **Meetings and Attendance and Topics Discussed.**

During 2011-12, the audit committee met 7 (Seven) times on the 18<sup>th</sup> day of July 2011, 19<sup>th</sup> day of July 2011, 30<sup>th</sup> day of July 2011, 20<sup>th</sup> day of August 2011, 31<sup>st</sup> day of August 2011, 29<sup>th</sup> day of October 2011 and 19<sup>th</sup> day of January 2012. The meetings were scheduled well in advance and were attended by all the members of the Committee.

The terms of reference of the audit committee are extensive and include all that is mandated in clause 49 of the Listing Agreement and section 292a of the Companies Act, 1956.

## **REMUNERATION COMMITTEE**

### **a. Constitution and Composition of the Remuneration Committee.**

HARMONY CAPITAL SERVICES LIMITED has set up its Remuneration Committee to review the remuneration package of the executive directors and for recommending suitable revisions to the Board. It should be noted that the remuneration of the Managing Director and Executive Director is subject to the approval of the Board of Director and members as well as such other approvals as may be required. Besides, approval of the Central Government may also be necessary in certain circumstances. The Company has been taking measures from time to time to improve the effectiveness of the committee. The remuneration committee consists of four Directors:

1. Shri Asutosh Raulo
2. Shri Krishna kumar Jhunjhunwala
3. Shri Shushilkumar Sharma
4. Shri Balaji Bhagwat Raut

Shri Asutosh Raulo is the Chairman of the Committee and all the other members of the remuneration committee are non-executive directors.

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**b. Meetings and Attendance and Topics Discussed.**

No meeting of remuneration committee was held as there were no significant changes in the existing structure/policy, which was required to be discussed.

**c. No Remuneration has been paid to Directors.**

## **SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE & SHARE TRANSFER COMMITTEE**

**I. Constitution and Composition of the Shareholders/Investors Grievance Committee**

The Shareholders/Investors Grievance Committee was set up with the objective of speedy redressal of investor's queries and complaints. The committee specifically looks into the investor's complaints on matters relating to transfer of shares, non-receipt of annual report, non-receipt of dividend, etc. In addition, the committee also looks into matters, which can facilitate better investors services and relations. The Company has been taking measures from time to time to improve the effectiveness of the committee.

The Shareholders/Investors Grievance Committee consists of four directors:

1. Shri Asutosh Raulo
2. Shri Krishna kumar Jhunjhunwala
3. Shri Shushilkumar Sharma
4. Shri Balaji Bhagwat Raut

Shri Asutosh Raulo is the Chairman of the Committee, and all the other members of the committee are non-executive directors.

**II. Investors Complaints received and resolved during the Year**

During 2011-12 Trading in the Shares of the Company is in physical form. During the year the nil complaints were received.

**III. Name, designation and address of the Compliance Officer:**

Shri Narendra Kumar  
Compliance Officer  
Kamala Nehru Nagar, Dhobi Ghat,  
Behind Dr. Laad, Ulhasnagar - 1  
Thane - 421001,

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## GENERAL BODY MEETINGS

The Company has not passed any resolution through postal ballot during the last year.

## DISCLOSURES

### **Related Party Transactions:**

There were no related party transactions, pecuniary transactions made by the Company with its promoters, directors, management and their relatives, etc. that may have potential conflicts with the interest of the Company at large.

### **Risk Management:**

The Company has laid down procedures to inform Board members about the risk / assessment and minimization procedures. The Board shall periodically review the same.

### **CEO/CFO Certification:**

A certificate received from Shri Asutosh Raulo, Chairman and Managing Director on the financial statements of the Company was placed before the Board.

### **Review of Directors' Responsibility Statement:**

The Board in its report have confirmed that the annual accounts for the year ended March 31, 2012 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

### **Penalties and Structures:**

No penalty or structure was imposed on the Company by any Stock Exchange, SEBI or other authority for non-compliance of any matter related the Capital Market.

## CODE OF CONDUCT

The Board has formulated a code of conduct for the Board members and Senior Management of the Company, All Board members and Senior Management personnel have affirmed their compliance with the code. A declaration to this effect is signed by the Chairman of the Board of Directors of the Company is given elsewhere in the Annual Report.

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## MEANS OF COMMUNICATION

- a) News, Releases etc: The Company has its own website [www.hcsl.co.in](http://www.hcsl.co.in) and all vital information relating to the company and its performance including Financial Result, performance updates and corporate presentations etc. are regularly posted on the website.
- b) Investors Relation: The Company's website contains a separate dedicated section "Investor Relation" where share holders information is available.

## GENERAL SHAREHOLDERS INFORMATION

### A. Annual General Meeting

17 <sup>th</sup> Annual General Meeting	:	26.09.2011 at 10.30 A.M.
16 <sup>th</sup> Annual General Meeting	:	25.08.2010 at 10.30 A.M.
15 <sup>th</sup> Annual General Meeting	:	30.09.2009 at 10.30 A.M.

Place : Plot No.278, Vijayvadi  
Path No. 6 Dher Ka Balaji,  
Jaipur – 302012.  
Rajasthan

### B. Dividend

No dividend is declared.

### C. Dates of Book Closure

Information about the Book Closure dates has been provided in the Notice covering the AGM, which forms a part of the Annual Report.

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## **Audit Qualifications**

Strategic decisions were taken during the year resulting in unqualified financial statements of the Company.

## **Training of Board Members**

The Company has not yet adopted any training programme for the members of the Board

## **Whistle Blower Policy**

The Company has not adopted any Whistle Blower policy.

## **D. Share Transfer System and the Scheme of transfer-cum-demat.**

Applications for transfer of shares held in physical form are received at the office of the Company. The Share Transfer Committee attends the share transfer formalities very frequently depending on the number of transfers and Company has appointed Registrar and Share Transfer Agent to Sharex Dynamic (India), Unit - 1, Luthra Industrial Premises, 1<sup>st</sup> Floor, 44-E, M. Vasanti Marg, Andheri - Kurla Road, Safed Pool, Andheri - East, Mumbai - 400072 for Share Transfer procedures.

## **E. Stock Code**

Bombay Stock Exchange Ltd - 530055

ISIN for Dematerialisation - INE264N01017

### **1. Listing of Securities**

The Jaipur Stock Exchange and Ahmedabad Stock Exchange had suspended the trading of equity shares of the Company due to non compliance with certain formalities.

The listing fees for the financial year 2011-2012 have been paid to The Bombay Stock Exchange Limited. As far as the other stock exchange is concerned, Company has not paid the listing fees to these exchanges.

### **2. Market Price & Data**

Following table gives the monthly market high and lows of your Company on the Bombay Stock Exchange Limited, Mumbai.



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## Stock price data at BSE

Stock Price Data of BSE (Month wise)	High (Rs.)	Low (Rs.)
April 2011		
May 2011		
June 2011		
July 2011		
August 2011		
September 2011		
October 2011		
November 2011	11.10	11.10
December 2011	12.05	11.65
January 2012	N. T	N. T
February 2012	N. T	N. T
March 2012	11.41	11.41

N. T stands for Not Traded

## F. Address for Correspondence

Investors and shareholders can correspond with the registered office as well as corporate Address of the company at the following addresses:

Registered Office: Plot no.278, Vijaywadi, Path No.6

Dehar Ka balaji, Jaipur – 302 012.

Corporate Office : Office No. 5, 1<sup>st</sup> Floor, Gyan Bhavan,

336/B, Kalbadevi Raod, Mumbai – 400 002.

## G. Committees of the Board

1. Audit Committee
2. Shareholders/Investors Grievance Committee
3. Share Transfer Committee
4. Remuneration Committee

## H. Management Discussion and Analysis Report (MDA)

The Management Discussion and Analysis Report (MDA) have been attached to the Directors' Report and forms part for this Annual Report.

# HARMONY CAPITAL SERVICES LIMITED

## **I. Warning against Insider Trading**

Comprehensive guidelines advising and cautioning the management staff and other relevant business associates on the procedure to be followed while dealing with the securities of your Companies are in place. In light of the SEBI [Insider Trading] Amendment Regulations, 2002, a fresh set of guidelines is being issued by the company on the subject. The code of conduct and corporate disclosure practices framed by the company will help in ensuring compliance of the amended regulations.

## **J. Auditor's Certificate on Corporate Governance**

The Company has obtained the certificate from the auditors of the Company regarding compliance with the provisions relating to corporate governance laid down in clause 49 of the Listing Agreement with the Stock Exchange, which also attached herewith. This report is annexed to the Directors' Report for the year 2011-12. This certificate will be sent to the stock exchanges, along with the annual return to be filed by the company.

**BY ORDER OF THE BOARD**

**For HARMONY CAPITAL SERVICES LTD.**

**PLACE: - MUMBAI.**

**DATE : - 21.08.2012**

Sd/-

**CHAIRMAN & MANAGING DIRECTOR**