

Motor Sales Limited

Regd. Off. 11, Mahatma Gandhi Marg, Lucknow – 226 001

Corporate Identity Number: L65921UP1972PLC003642

E mail: ajaygupta0045@gmail.com Ph No. : 0522-2630830 to 38

Corporate Governance Report for the year 2018-19

Directors' Report on Corporate Governance

Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company. The core values of the Company are:

1. COMPANY 'S PHILOSOPHY ON CODE OF GOVERNANCE:

- Transparency in policies and action
- Maximizing long term shareholders' value
- Socially valued enterprise and
- Commitment to excellence and customer satisfaction
- Independence to develop and maintain a healthy work culture
- Growth for stakeholders
- Caring for people and environment
- Accountability for performance

In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long-term shareholders' value and commitment to high standard of business ethics.

The Company has in place a Code of Corporate Ethics and Conduct reiterating its commitment to maintain the highest standards in its interface with stakeholders and clearly laying down the core values and corporate ethics to be practiced by its entire management cadre.

Your company , since its inception , being always guided by ethical principles and being transparent and fair in its business dealings and administration , have adequate system of control and check in place to ensure that the executive decisions should result in optimum growth and development.

2. Board of Directors

The Board periodically reviews Compliance Reports of all laws applicable to the Company and has put in place procedure to review steps to be taken by the Company to rectify instances of non-compliances, if any.

Pursuant to the provisions of Clause 49 of the Listing Agreement, the Board has laid down a Code of Conduct for all Board members and Senior Management of the Company. All the Board Members and Senior Management Personnel have affirmed compliance with the Code. The

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composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Act.

The current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board of the Company. As on 31st March 2019, the board consists of Six directors; out of which Two are executive directors and Four are non- executive directors. Executive directors consist of Managing Director and Whole Time Director. The present mix of the Board of the Company is as under:

- Two Promoters, Executive Directors
- Two Promoters, Non Executive Directors
- Two Independent, Non- Executive Directors

During the year ended on 31st March, 2019, Nine Board meetings were held and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held are 29.05.2018, 14.08.2018, 28.08.2018, 14.11.2018, 12.12.2018, 31.01.2019, 12.02.2019, 14.02.2019 and 26.03.2019. The necessary quorum was present for all the meetings. As on 31st March, 2019 the composition of the Board of Directors, the number of other board of directors or Board committees of which they are member or chairperson and the attendance of each director at these board meeting and the last Annual General Meeting are as under:

Name of Director	Category	No. of Board Meeting attends	Attendance at last AGM
Mr. AKSHAT GUPTA	Promoter, Non Executive	9	Yes
Mr. AJAY GUPTA	Promoter, Executive	9	Yes
Mr. VIVEK AGARWAL	Independent, Non-Executive	9	Yes
Mr. SUDARSHAN KUMAR JAIN	Independent, Non-executive	9	Yes
Mrs. NEELU GUPTA	Promoter, executive	9	Yes
Ms. SHIVI GUPTA	Promoter, Non Executive	9	Yes

Board Procedure

The Board Meeting of the Company held at least once in each quarter in order to review the quarterly performance and the financial results. The intimation of the Board Meeting is given to the members of the Board at least seven clear days before the date of the Board Meeting in writing and over the phone as well the agenda of the meeting and the relevant notes are sent to each

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director in advance and only in exceptional circumstances it is tabled at the meeting. All the items of agenda are accompanied with detailed notes providing information on the related subject.

All divisions/departments in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussions/approval/ decisions in the Board and Committee Meetings. All such matters are communicated to the Secretary in advance by the Departments /Divisions. Secretary segregates the ones that can be discussed and decided internally and ones which need to be put up before the board, in consultation with the Chairman, Managing Director and Joint Managing Director.

The information as per Annexure I to clause 49 of the listing agreement, Regulation 27(2) of SEBI LODR Regulations, 2015 and is regularly made available to the members of the Board.

The members of the Board are informed at every meeting about the overall performance of the company during the quarter, which enable the Board to discharge their duties and responsibilities more efficiently. Apart from the matters statutorily requiring board's approval, all other major decision including policy formulation, capital expenditure budgets, new investments, compliance with statutory / regulatory requirements are also considered by the Board.

The Minutes of the Board Meetings are circulated to all the members of the board in advance and are confirmed at subsequent Board Meeting.

Details of Directors seeking re-appointment at the ensuing Annual General Meeting.

In respect of Directors seeking appointment or re-appointment, the Notice for the Annual General Meeting contains all the relevant information, like brief resume of the Directors, nature of their expertise in specific functional areas and name of the companies in which they hold Directorship and Membership of any Committee of the Board.

During the year Nine Board meetings were held. The details are as follows:-

Date of Board Meeting	Board Strength	Directors Present
29.05.2018	6	6
14.08.2018	6	6
28.08.2018	6	6
14.11.2018	6	6
12.12.2018	6	6
31.01.2019	6	6
12.02.2019	6	6
14.02.2019	6	6
26.03.2019	6	6

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3. Board Committees

The Board has constituted three committees, the Audit Committee, the Remuneration Committee and Shareholder Grievance Committee. Company Secretary of the Company acts as the Secretary to all the Committees.

The quorum for the meetings is either two or one-third of the members of the committees, whichever is higher.

Audit Committee

The Audit Committee comprises of three directors out of which two are Non-Executive Independent Directors and one is Promoter and Executive Director. Mr. SUDARSHAN KUMAR JAIN acts as the chairman to the Committee. The Composition of the Audit Committee meets the requirement of the Committee is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Act.

The Composition of the Audit Committee:-

Sl no.	Name of the Member	Position	Category	Number of meetings held	Number of meetings attended
1	Mr. SUDARSHAN KUMAR JAIN	Chairman	Non-Executive Independent Director	4	4
2	Mr. VIVEK AGARWAL	Member	Non-Executive Independent Director	4	4
3	Mr. AJAY GUPTA	Member	Promoter Executive Director	4	4

Four audit committee meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held are as follows:

10.04.2018; 11.07.2018; 10.10.2018 and 15.01.2019.

The necessary quorum was present for all the meetings.

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Terms of Reference and Powers:

All the members of the Committee have sound knowledge of finance and accounts. The terms of reference and powers of the audit committee covers areas mentioned under clause 49 of the listing agreement and section 177 of the Companies act, 2013 (hereinafter referred as “the act”)

Further, the Committee Oversee Company’s financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible, Recommend the appointment and removal of external auditor, fixing audit fees and also approval for payment for any other services.

Review the quarterly, half yearly annual financial statements with the management before submission to the Board.

Review the external and internal auditors, and adequacy of internal control system with the management.

Review the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

Review the findings of any internal investigation by the Internal Auditors into matters where there is suspected fraud.

Discussion with External Auditors before the commencement of Audit about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.

Review of company’s financial risk management policies also to look into the reasons for substantial defaults in payments to depositors, shareholders and creditors.

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Nomination and remuneration committee

The Nomination and remuneration Committee comprises of three directors and all the three directors are non executive directors. Mr. Sudarshan Kumar Jain acts as the chairman of the committee. During the year 2 meetings of the Committee were held. The details are as follows:

Sl no.	Name of the Member	Position	Number of meetings held	Number of meetings attended
1	Mr. SUDARSHAN KUMAR JAIN	Chairman	2	2
2	Mr. VIVEK AGARWAL	Member	2	2
3	Ms. SHIVI GUPTA	Member	2	2

Two nomination and remuneration committee meetings were held. The dates on which the said Meetings were held are as follows:

29.09.2018; and 31.03.2019

Remuneration Policy

The remuneration as applicable to executive/non-executive directors provides for the following:

Non-Executive Directors

The remuneration to the non-executive directors is decided and approved by the Board of Directors of the Company unanimously. The sitting fees paid to the non- executive directors is Rs. 250/- for each Board meeting and each meeting of any Board Committee attended by them.

Executive Directors

The executive directors are paid remuneration as decided and recommended by the remuneration committee to the Board of Directors. The remuneration package for the Chairman, Managing Director & Executive Directors is subject to the limit prescribed under the Companies Act, 2013.

Stakeholder Relationship Committee

The stakeholders' relationship committee is constituted in line with the provisions of SEBI Listing Regulations read with section 178 of the Act. The stakeholders' relationship committee comprises of three directors out of which one non-executive and two non- executive Independent Directors.

The stakeholders' relationship committee looks after the cordial investor relations and oversees the mechanism for redressing of shareholders and investors complaints like non-receipt of Annual Report, non-receipt of declared dividend warrants and transfer of shares. Share transfers/transmissions are approved by the Share Transfer Committee and are placed at the Board Meeting from time to time.

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Besides, it monitors implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

Four meetings of the stakeholders' relationship committee were held during the year on 30.06.2018, 29.09.2018, 31.12.2018 and 31.03.2019.

During the year, 4 meetings of the Committee were held. The details are as follows:

Sl no.	Name of the Member	Position	Number of meetings held	Number of meetings attended
1	Mr. VIVEK AGARWAL	Chairman	4	4
2	Mr. SUDARSHAN KUMAR JAIN	Member	4	4
3	Mr. AKSHAT GUPTA	Member	4	4

General Body Meetings

Day, date, time and venue of the Annual General Meeting

Day & Date: Monday, 30th September, 2019

Time: 11.00 A.M

Venue: 11, MAHATMA GANDHI MARG, LUCKNOW - 226 001

The details of the last three Annual General Meetings are as follows:-

Financial Year	Day & Date	Location	Time
2015-2016	30.09.2016	11, MAHATMA GANDHI MARG, LUCKNOW - 226 001	11.00A.M
2016-2017	30.09.2017	11, MAHATMA GANDHI MARG, LUCKNOW - 226 001	11.00A.M
2017-2018	29.09.2018	11, MAHATMA GANDHI MARG, LUCKNOW - 226 001	03.00P.M

Extra ordinary General Meeting

No Extra Ordinary General meeting was held during the year.

Postal Ballot

Resolution was passed through postal ballot during the year dated 23rd of February 2019.

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Disclosures

a) Related Party Transaction

The Company has entered into lease agreement on a monthly rent basis for a period of one year with M/s Commercial Auto Products Private Limited in which Mr. Akshat Gupta, Ms. Shivi Gupta, Mrs. Neelu Gupta and Mr. Ajay Gupta were interested because they are also the Directors/ Relatives of Commercial Auto Products Private Limited and therefore were not taken part in the discussion of this Board Resolution. Directors of the Company have disclosed their interest where having personal interest. There is no such other transaction where the senior level management is having personal interest. There are no other transactions of the Company with promoters, directors, management, subsidiaries or relatives etc. which is of material nature, having potential conflict with the interest of the Company at large.

b) Disclosure of accounting treatment

The financial statements are prepared under the historical cost convention and have been prepared in accordance with the applicable mandatory accounting standards prescribed by The Institute of Chartered Accountants of India and relevant presentational requirements of the Act.

c) Business risk evaluation and management is an ongoing process within the Company, which is periodically reviewed by the Board of Directors for determining its effectiveness.

d) There have been no instances of non-compliance, penalties, structures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

Compliance

The Board has complied with all the Compliance related to Clause 49 of Listing Agreement and SEBI LODR Regulations.

Compliance with Corporate Governance Norms:-

The Company has complied with Mandatory requirements of the Code of Corporate Governance as Stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Statutory auditors have certified that the company has complied with the Corporate Governance norms as stipulated by the Stock Exchanges under Clause 49 of the Listing agreement. The said certificate is send to the Considered Stock Exchange Where Company is registered.

Reconciliation of the Share Capital Audit:

As Stipulated by Securities and Exchange Board of India (SEBI), a qualified Company Secretary carries out the Reconciliation of the Share Capital Audit to reconcile the total admitted Capital the

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Audit is Carried out every quarter and the report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors.

Code of Conduct

The Board of Directors has laid down a Code of conduct for the Members of the Board members as well as the employees in the senior Management of the Company, The Managing Director has confirmed and declared that all the Members of the Board as well of the employees in the senior Management have affirmed Compliance with the Code of Conduct.

Communication

The quarterly and annual results of the Company are published in prominent newspapers. The results are sent to stock exchanges, immediately after approval of the board. The management discussion and analysis report forms a part of the annual report.

pursuance of circular bearing no.17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 issued by the Ministry, various notices/ documents (including notice calling Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, etc) are being sent to the shareholders through electronic mode to the registered e-mail addresses of the shareholders, if registered or by hand.

The Company has not issued any Press Release or made any presentation to the investors or analysts about its financial results during the year.

Listing on Stock Exchanges

Equity Shares
<p>The Calcutta Stock Exchange Ltd. 7, Lyons Range Kolkata 700001 Website: www.cse-india.com</p>

Share Transfer System

A valid share transfers are normally affected within maximum of 10-15 days from the date of receipt.

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Non- Mandatory Requirements

Non-Mandatory requirement has not been adopted by the Company.

Declaration

It is hereby declared that all the members of the Board and Senior Management personnel have affirmed compliance with the “Code of Conduct for Members of the Board and Senior Management of Motor Sales Limited.” during the Financial Year ended 31st March, 2019.

**For and on behalf of the Board of
Motor Sales Limited**



**Ajay Gupta
Managing Director
(DIN- 00759028)
(Address: 23, Ashok Marg,
Hazratganj, Lucknow, 226001)**