

## **FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

### **Preamble**

Regulation 25(7) of Listing Obligations and Disclosure Requirements with the Stock Exchanges inter-alia stipulates that the Company shall familiarize the independent directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes.

### **Overview of the Familiarization process**

All Independent Directors are aware and further updated about their roles, rights, responsibilities in the Company. A communication containing information about the Company, Memorandum and Articles of Association, Annual Reports for previous 3 years, recent Media Releases etc was handed over to the new directors. The appointment letter issued to Independent Directors inter alia sets out the expectation of the Board from the appointed director, their fiduciary duties and the accompanying liabilities that come with the appointment as a director of the Company. Independent Directors are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices.

Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Detailed presentations on the duties and responsibilities of Independent Directors and the Company's business segments were made at the meeting of the Independent Directors held during the year. Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors as well as deliberated upon during the meetings.

Each director of the Company has complete access to any information relating to the Company. Independent Directors have the freedom to interact with the Company's management. They are given all the documents sought by them for enabling a good understanding of the Company, its various operations and the industry segments of which it is a part. Further, they meet without the presence of the Company's Management Personnel to discuss matters pertaining to the Company's affairs and put forth their combined views to the Chairman and Managing Director.

Directors are encouraged to undertake site visits to understand the operations of the Company.

### **Directors' visit and appraisal of Company's Infrastructure Facility at Varur, Hubballi**

The Infrastructure Facility established at Varur, Hubballi commenced its operations in the year 2004 and has ever since been a major in-house facility for Vehicle Body Building, Vehicular Maintenance and Research & Development.

On the day of the Annual General Meeting, the following Directors also took a round of various departments at the Varur facility of the Company and the same was attended by the following non-executive directors:

1. Mr. J. S. Korlahalli, Independent Director
2. Mr. C. Karunakara Shetty, Independent Director
3. Mrs. Medha Pawar, Independent Woman Director
4. Mr. Shankarasa Ladwa, Independent Director
5. Dr. Anand Pandurangi, Independent Director
6. Dr. Raghottam Akamanchi, Non-Executive Director
7. Mr. Ramesh Shetty, Non-Executive Director
8. Mr. S. R. Prabhu, Non-Executive Director;

along with Mr. L. Ramanand Bhat, Chief Technical Officer, Mr. Aniruddha Phadnavis, General Manager (Finance) & Company Secretary and Mr. Sunil Nalavadi, Chief Financial Officer who briefed the Directors about the operations undertaken and other unique amenities available at the facility.

### **Internal Financial Controls (IFC)**

Mr. Bharat Shetty, Joint Statutory Auditor of the Company, made a detailed presentation to the Board on the subject of internal controls on financial reporting (ICFR). He also elaborated on how the benchmark system is essential to enable the management and auditors to assess the adequacy and compliance of the system of internal controls.

This is a process designed by the Company's Principal officers and effected by the management to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements.

As per section 134(5)(e) of the Companies Act, 2013, the Board of Directors of every listed Company are required to confirm via Board Report regarding the adoption of adequate Internal Financial Controls that are operating effectively.

In consonance with the above stated provision, the Board has adopted numerous policies and procedures to ensure:

- Orderly and efficient conduct of its business
- Adherence to Company's policies

- Safeguarding of Company Assets
- Prevention and Detection of frauds and errors
- Accuracy and Completeness of the Accounting Records
- Timely preparation of reliable financial information.

### **Visit by the Audit Committee Chairman**

Mr. Shankarasa Ladwa, Chairman of the Audit Committee and also a practicing Chartered Accountant by profession, visited the Varur facility on 22<sup>nd</sup> January 2016 and reviewed the systems and processes from a financial reporting perspective including a review of the compliance management processes as also a discussion on several accounting policies & practices.

He also evaluated the internal audit functions, including the structure of internal audit department and its reporting structure. Mr. Ladwa met with Mr. R. B. Malgi, Vice President (Accounts) of the Company, to review the ground level processes and escalation of relevant metrics to the senior management for decision making. He also reviewed the utilization of funds raised through the Initial Public Offer (IPO) and reporting thereof on a periodic basis.

### **Presentation on Business Responsibility Statement by KPMG**

A representative of KPMG ó leading Company providing advisory services on statutory regulatory compliances, made a presentation on Business Responsibility Statement to the Board at its meeting held on 1<sup>st</sup> February, 2016 at Hotel Taj Gateway, Hubballi.

The said statement is made mandatory for top 500 listed companies by SEBI vide its notification dated 22<sup>nd</sup> December 2015 with effect from fiscal 2016-17. The presentation covered crucial aspects of reporting such as Business ethics, Product responsibility, well being of employees, Stakeholder engagement, Human rights, Environment, Public policy, Inclusive development and Customer relations and a detailed understanding on why the same was necessary in the corporate world.