

ONICRA

CORPORATE GOVERNANCE REPORT 2011-12

Good governance encompasses conduct of the company's business in an ethical, transparent, fair and equitable manner with due regard to the interests of various stakeholders and exercising proper/effective control over the Company's assets and transactions.

The directors present below the Company's policies and practices on Corporate Governance.

THE BOARD OF DIRECTORS:

Composition:

The Board consists of five Directors of which four are independent, non executive directors. In accordance with the Articles of Association of the company, the board can have maximum of twelve members. The Chairman, Mr. Shyamal Datta, non executive Director is an independent director.

Tenure of the members:

According to the Articles of Association of the company, at least one third of the Board of Directors shall retire every year at the AGM and if eligible, shall qualify for retirement. The Board has adopted the following guidelines regarding the appointment and tenure of directors on the Board:-

- 1. Non- Executive Directors retire by rotation.*
- 2. A Whole-time Director is appointed by the shareholders for a maximum period of five years but can be re-appointed on completion of their term, if eligible.*

Board membership criteria:

The Board of Directors of the company has an optimum combination of Executive and Non-Executive Directors so as to have a balanced structure. The Chairman of the Board is an Independent, non executive director.

The members of the Board of Directors of your Company are expected to possess the required expertise, skill, and experience to effectively manage and direct the Company so that it can attain its organizational goals. They are expected to be persons with vision, leadership qualities, strategic bent of mind, proven competence, and integrity.

Each member of the Board of Directors of the Company is expected to ensure that his/her personal interest is not in conflict with the company's interests. Moreover, each member is expected to use his/her professional judgment to maintain both the substance and appearance of independence and objectivity. Besides having financial literacy, experience, leadership qualities and the ability to think strategically, the Directors should have a significant degree of commitment to the Company and devote adequate time for the meetings, preparation and attendance. Board members should possess the education, expertise skills and experience in various sectors and industries required to manage and guide the Company.

Succession policy:

The Board of Directors evaluates the contribution of its members and recommends to the

shareholders their reappointment periodically as per the existing statute. The whole time director can be appointed for a maximum period of five years and is eligible for reappointment upon the completion of the term. The non whole time directors retire as per the law.

The Whole Time Director, Mr. Varun S. Mirchandani, was appointed by the shareholders for a period of three years in 2010, and is also eligible for re-appointment.

Memberships on other Boards:

The Board of Directors has an optimum combination of Executive and Non-Executive Directors so as to have a balanced structure. The number of Independent, non-executive Directors is more than 50% of the total number of Directors. The composition of the Board along with the other directorships held by each of the Directors is set out below:-

S. no	Name of director	Designation	Directorship in Other Companies.
1.	Mr. Shyamal Datta	Non Executive, Independent Director.	None
2.	Dr. R C Chopra	Non Executive, Independent Director.	1. Dixon Technologies (India) Private Limited 2. Onicra Credit Information Company Limited
3.	Mr. A.S. Dulat	Non Executive, Independent Director.	1. Ballarpur Industries Ltd.
4.	Mr. K S Raman	Non Executive, Independent Director.	1. Onicra Credit Information Company Limited 2. NEXT Retail India Ltd. 3. Plugin Sales Ltd. 4. Sundarsons Electronics limited
5.	Mr. Varun Mirchandani	Whole Time Director	1. Onicra Credit Information Company Limited

Details of shareholding of Directors as on 31st December, 2011:

S. no	Name of director	No. of shares held
1.	Mr. Shyamal Datta	--
2.	Dr. R C Chopra	--
3.	Mr. A.S. Dulat	--
4.	Mr. K S Raman	--
5.	Mr. Varun Mirchandani	20,10,253

Responsibility:

The key role of the Board is strategic planning, policy formulation and driving operational performance. The Board meets once in every quarter to review the Company's operations and the maximum time gap between any two meetings is not more than four months. During the year 2011-12, the Board of Directors of your Company met four times on 13.June,2011, 21st September,2011 , 12th December,2011 and 28th March,2012:

Details regarding the attendance of Directors at the Board Meetings held during the year 2011-12 are presented in the following table;

S. no	Name of director	Board Meetings	
		Held	Attended
1.	Mr. Shyamal Datta	4	4
2.	Dr. R C Chopra	4	4
3.	Mr. A.S. Dulat	4	4
4.	Mr. K S Raman	4	4
5.	Mr. Varun Mirchandani	4	4

Remuneration Policy

Remuneration to non-whole-time directors:

Non-whole-time directors are paid sitting fees for each meeting of the Board or its committee attended by them.

Whole-time Directors and other employees of the Company:

The remuneration committee, comprises of two independent directors, who determine the remuneration of Whole-time Director and determine guidelines for remuneration payable to the employees. These guidelines are as under:

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The annual remuneration refers to the annual compensation payable to Whole-time Directors and employees of the Company. This comprises of two parts— fixed component, and performance linked variable component based on achievement of the individual's objectives and company objectives.

The total remuneration is set at levels to attract, motivate, and retain high-calibre, and high potential personnel in a competitive global market. The total remuneration level is reset annually based on a comparison with the relevant peer group in the Indian market, established through an independent compensation survey. In addition to the above, incentives linked to the performance of the business unit are payable if the business unit performs better than expected. The remuneration levels and the performance contracts are finalized under the overall supervision, guidance, and approval of the Remuneration Committee

COMMITTEES OF THE BOARD:

The Board has constituted committees consisting of whole-time and non-whole-time Directors to focus on the critical functions of the Company. They are as follows:

1. Audit committee.
2. Rating committee.
3. Remuneration committee.

(I) AUDIT COMMITTEE

The audit committee consists of three non- executive directors.. Mr. K. S. Raman is the Chairman of the committee and Mr. Vivek Sharma, Associate Director Finance, is a permanent invitee to the audit committee.

The Audit Committee met four times during the year 2011-12

The following table presents the details of attendance at the Audit Committee meetings held during the year 2011-12:

S. no	Name of director	Board Meetings	
		Held	Attended
1.	Mr. K S Raman	4	4
2.	Dr. R C Chopra	4	4
3.	Mr. A.S. Dulat	4	4

The terms of reference for the Audit Committee are as follows-

- A. Oversight of the company's financial reporting process, and disclosure of the financial information so as to ensure accuracy of the information.
- B. Recommending to the board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditors and the fixation of the audit fees.
- C. Approval of payment to statutory auditors for any other service so rendered.
- D. Reviewing , with the management the annual financial statements before submission to the Board for approval , with particular reference to:
 1. Major accounting entries involving estimates based on the exercise of judgement by management.
 2. Changes, if any, in accounting policies and practices and the reasons for the same.
 3. Significant adjustments made in the financial statements arising out of audit findings.
 4. Compliance with listing and other legal requirements relating to financial statements.
 5. Disclosure of any related party transactions; and
 6. Qualification in the draft audit report.
- E. Reviewing, with the management the quarterly financial statements before submission to the Board, performance of statutory and internal auditors, and adequacy of internal control.
- F. Mandatorily reviewing the following information:
 1. Management discussion and analysis of financial condition and results of operations;
 2. Statements of significant related –party transaction;
 3. Management letters/letters of internal control weakness issued by statutory auditors;
 4. Internal audit report relating to internal control weakness; and
 5. Appointment , removal and terms of remuneration of the internal auditors(s).

(ii) RATING COMMITTEE

The Rating Committee consists of Mr. Sanjay Bhattacharyya, (Ex. Managing Director of SBI) along with other members having rich experience in the field of Rating and Finance. The composition of the rating committee is as under:

1 .Mr. Sanjay Bhattacharyya,	Chairman
2. Mr.P.K.Miglani,	Member
3. Mr. K S Raman,	Member

The committee is formed to ensure the following roles and responsibilities as follows:

- A. To approve all rating/grading methodologies.
- B. To approve all rating/grading parametric models.
- C. Define rating/grading process and criterion.
- D. Review all relevant information and material while assigning a rating.
- E. Comply with the rating services code of conduct, related policies, guidelines and procedures.
- F. To be objective and fair while assigning a rating, and
- G. Reach a rating decision by consensus vote.

The committee meets every Friday.

(iii) REMUNERATION COMMITTEE

The Remuneration Committee consists of Independent Directors, Whole time director and Chief Human Resource Officer supported by the Associate director- Finance. The details of the committee are as under:

1. Mr. Shyamal Datta,	Chairman
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2. Mr. K S Raman,	Member
3. Mr. Varun S Mirchandani,	Member
4. Mr. Mr. Animesh Punetha,	Member
5. Mr. Vivek Sharma,	Permanent Invitee

The Remuneration Committee is empowered, inter-alia, to carry out the following functions and responsibilities relating to the compensation of the company's senior management and staff.

- A. Ensure that an induction process is in place to assist new Directors and senior personnel in gaining an understanding of the business and the environment in which the Company operates
- B. Review and recommend to the Board, Corporate goals and objectives as well as, Key Performance Indicators (KPIs), for the Whole time director.
- C. Evaluate the Performance of Whole time director or such senior personnel as the Board may decide against KPIs established by the Board.
- D. Recommend the Whole time Director's annual compensation and any increase thereof.
- E. Make recommendations to the Board with respect to incentive compensation plans and equity based plans for senior executives and staff.
- F. Review of and recommendations to the Board in relation to salary packages needed to attract and retain senior management.
- G. Review of the Whole Time Director and senior executive's recommendations for overall level of salary increase for staff in the annual review.
- H. Conduct an annual performance evaluation of and recommend a framework for remuneration of Directors, and
- I. To structure Employee Stock Option Scheme (ESOP's)

The Remuneration Committee shall meet, as many times, as it may deem expedient but at least twice in an year and the minutes of the remuneration committee shall be regularly placed before the Board of Directors in its subsequent meeting.”

SHAREHOLDERS MEANS OF COMMUNICATION:

The annual report is circulated to all members, and is also available on the Company's website.

GENERAL BODY MEETINGS:

The location, time and venue of the last three Annual General Meetings were as under:

Type of meeting	Date and time of meeting	Place of meeting
Fifteenth Annual General Meeting	8 th September,2009 at 11.30 a.m.	Suneja tower-I, Janakpuri District Centre, New Delhi-110058.
Sixteenth Annual General Meeting	8 th September,2010 at 11.30 a.m.	Suneja tower-I, Janakpuri District Centre, New Delhi-110058.
Seventeenth Annual General	21 st September,2011 at 9.30 a.m.	Suneja tower-I, Janakpuri District Centre, New Delhi-110058.

MEMBERSHIP TERM AND RETIREMENT POLICY

In accordance with the Articles of Association of your Company, one third of the Directors retire by rotation at every annual general meeting.

DISCLOSURES

Related Party Transactions

There have been related party transactions during the year under review. Details of the same are appropriately disclosed.

CODE OF CONDUCT

The Board of Directors has prescribed a code of conduct for all members of the Board as well as the employees of the company. The code of conduct is available on the company's website- www.onicra.com.

WHISTLE BLOWER POLICY

Your Company has adopted a whistle blower policy and has established the necessary mechanism for employees to report to the management about unethical behavior or actual or suspected fraud or violation of the Company's code of conduct or ethics policy. Further no member of staff has been denied access to the Audit Committee.