

## Annexure II

### CORPORATE GOVERNANCE REPORT

#### A. COMPANY PHILOSOPHY

A good Corporate governance policy is one which results in the control of the company in a regulated manner which makes management transparent, ethical, accountable and fair resulting in enhanced shareholder value. The management provides a detailed disclosure of relevant specific matters.

#### B. COMPOSITION OF BOARD OF DIRECTORS INCLUDING CATEGORY AND DIRECTORSHIP IN OTHER COMPANIES

The Company's Board of Directors as on 31.03.08 has two functional directors and two Part-time official directors. The details are given below :-

Director	Whole-time/ Part-time	Member of Board of other PSUs.
Shri V.C. Sharma	Whole-time (C & MD)	Nil
Dr. S.N. Pal	Whole-time, Director (E)	Nil
Shri Naved Masood	Part-time (Official)	2
Shri B.K. Prasad	Part-time (Official)	Nil

#### C. BOARD MEETINGS

During April, 2007 to March, 2008, Four meetings (104th to 107th) of the Board of Directors were held with minimum one meeting in each quarter on 05.06.07, 24.08.07, 27.11.07 and 27.03.08.

#### MEETING AND ATTENDANCE

Director	No. Of Board Meeting Held during their respective Tennure	Attended	Attended Last Annual General Meeting
Shri V.C. Sharma	4	4	Yes
Dr. S.N. Pal	4	4	Yes
Shri Raghubir Singh	3	3	Yes
Smt. Bhavani Thyagarajan	3	3	No
Shri Naved Masood	1	1	N.A.
Shri B.K. Prasad	1	1	Yes (as a Shareholder)

## **D. GENERAL BODY MEETING**

### **I) Annual General Meeting**

The Last 3 (three) Annual General Meeting were held as under :-

<b>Financial year</b>	<b>Date</b>	<b>Time</b>	<b>Location</b>
2006-07	21.09.07	12.00 Noon	Office of Secretary (H&FW), Nirman Bhawan, New Delhi
2005-06	21.09.06	03.30 P.M.	- do -
2004-05	29.09.05	05.00 P.M.	- do -

No Special Resolution was passed in the last Annual General Meetings.

## **E. REMUNERATION OF DIRECTORS**

Being a Government company, the functional directors including CMD are appointed by the President of India through the Ministry of Health & Family Welfare and draw remuneration as per Industrial Dearness Allowance (IDA) pay scales Pre-determined by the Government and as per the terms and conditions of their appointment contract issued by the Government. The allowances and perquisites are being given as per the Company rules.

The part-time official Directors on the Board do not draw any remuneration from the Company for their role as a director but draw their remuneration from the Government as Government official. The part-time non-official directors of the Company also do not draw any remuneration from the Company, they are only paid sitting fee of Rs. 2500/- per meeting attended by them in accordance with the approval of the Board of Directors. The Company therefore has not constituted a Remuneration Committee.

## **F. SHAREHOLDERS' GRIEVANCE COMMITTEE**

Being a Wholly owned Government Company (Shares are not listed), the shares are held by the president of India or its nominees, as such the Company has not Constituted a Shareholders' Grievance Committee.

## **G. AUDIT COMMITTEE**

The guidelines issued by the SEBI and provisions of The Companies Act, 1956, with regard to Constitution of Audit Committee are not applicable to Company, as such the Company has not Constituted an Audit Committee.

## **H. DISCLOSURES**

During the period there were no materially significant related party transactions with its directors & management that had a potential conflict with the interest of the Company at large. Further HSCC does not have any subsidiary Company.