Annexure 1C

<u>Non-Mandatory Requirements</u>

(1) Chairman of the Board

A non-executive Chairman should be entitled to maintain a Chairman's office at the company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

(2) Remuneration Committee

(i)The board should set up a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.

(ii)To avoid conflicts of interest, the remuneration committee, which would determine the remuneration packages of the executive directors should comprise of at least three directors, all of whom should be non-executive directors, the chairman of committee being an independent director.

(iii)All the members of the remuneration committee should be present at the meeting.

(iv)The Chairman of the remuneration committee should be present at the Annual General Meeting, to answer the shareholder queries. However, it would be up to the Chairman to decide who should answer the queries.

3. Shareholder Rights

The half-yearly declaration of financial performance including summary of the significant events in last six-months, should be sent to each household of shareholders.

4. Postal Ballot

Currently, though there is requirement for holding the general meeting of shareholders, in actual practice only a small fraction of the shareholders of that company do or can really participate therein. This virtually makes the concept of corporate democracy illusory. It is imperative that this situation which has lasted too long needs an early correction. In this context, for shareholders who are unable to attend the meetings, there should be a requirement which will enable them to vote by postal ballot for key decisions. Some of the critical matters which should be decided by postal ballot are given below:

(i)Matters relating to alteration in the memorandum of association of the company like changes in name, objects, address of registered office etc;

(ii)Sale of whole or substantially the whole of the undertaking;

a. Sale of investments in the companies, where the shareholding or the voting rights of the company exceeds 25%;

b. Making a further issue of shares through preferential allotment or private placement basis;

c. Corporate restructuring;

d. Entering a new business area not germane to the existing business of the company;

e. Variation in rights attached to class of securities;

f. Matters relating to change in management

(5) Audit qualifications

Company may move towards a regime of unqualified financial statements.

(6) Training of Board Members

Company shall train its Board members in the business model of the company as well as the risk profile of the business parameters of the company, their responsibilities as directors, and the best ways to discharge them.

(7) Mechanism for evaluating non-executive Board Members

The performance evaluation of non-executive directors should be done by a peer group comprising the entire Board of Directors, excluding the director being evaluated; and Peer Group evaluation should be the mechanism to determine whether to extend / continue the terms of appointment of non-executive directors.