

COMPLIANCE WITH CORPORATE GOVERNANCE

The provisions of the SME Listing Agreement to be entered into with BSE with respect to corporate governance norms and the SEBI (ICDR) Regulations, 2009 in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the SME Platform of BSE Limited. Our Company is in compliance with the Corporate Governance norms as per Clause 52 of the SME Listing Agreement to be entered into with the BSE Limited on listing. The requirements pertaining to broad basing of the Board of Directors and the constitution of the committees such as the Audit Committee, Stakeholder/ Investor Relationship Committee and Nomination and Remuneration/ Compensation Committee have already been complied with.

Our Board of Directors consists of 6 directors of which 3 are Non-Executive & Independent Directors (as defined under Clause 52), which constitutes 50% of the Board of Directors, which is in compliance with the requirements of Clause 52. Our Company has already constituted the following committees:

Audit Committee

Our Company has formed the Audit Committee vide Resolution of the Board of Director dated January 01, 2004. The committee has been re-constituted vide Board of Directors resolution in their meeting held on August 04, 2014 and it comprises of the following members and the committee shall meet at least 4 times a year:

Name of the Director	Status in Committee	Nature of Directorship
Mr. Amol Doneria	Chairman	Non Executive-Independent Director
Mr. Rajesh Kumar Gupta	Member	Non Executive-Independent Director
Mr. Ashok Kumar Goyal	Member	Whole time director & Chairman

The Company Secretary of our Company shall act as a Secretary to the Audit Committee. The Chairman of the Audit Committee shall attend the Annual General Meeting of our Company to furnish clarifications to the shareholders in any matter relating to accounts. The scope and function of the Audit Committee and its terms of reference shall include the following:

A. Tenure: The Audit Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Audit Committee as approved by the Board.

B. Meetings of the Committee: The committee shall meet at least four times in a year and not more than four months shall elapse between any two meetings. The quorum for the meeting shall be either two members or one third of the members of the committee, whichever is higher but there shall be presence of minimum two Independent members at each meeting. Meeting of the Audit Committee shall be called by at least seven day's notice in advance.

C. Role and Powers: The Role of Audit Committee together with its powers shall be as under:

- i. overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- ii. recommending to the Board, the appointment, re-appointment and, if required, the replacement or

- removal of the statutory auditor and the fixation of audit fees;
- iii. approving payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. approving initial or any subsequent modification of transactions of the Company with related parties;
- v. scrutinizing inter-corporate loans and investments
- vi. Valuation of undertakings or assets of the Company, wherever it is necessary;
- vii. Monitoring the end use of funds raised through public offers and related matters
- viii. reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - (a) matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act;
 - (b) changes, if any, in accounting policies and practices along with reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions; and
 - (g) qualifications in the draft audit report.
- ix. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- x. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- xi. reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- xii. reviewing the adequacy of internal audit function, if any, 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;
- xiii. discussing with the internal auditors any significant findings and follow up there on;
- xiv. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- xv. discussing with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvi. looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
- xvii. reviewing the functioning of the Whistle Blower mechanism, in case the same is existing;
- xviii. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- xix. approving the appointment of the Chief Financial Officer (i.e. the whole time finance director or any other person heading the finance function) after assessing the qualifications, experience and background, etc., of the candidate; and
- xx. carrying out any other function as is mentioned in the terms of reference of the Audit Committee or contained in the equity listing agreements as and when amended from time to time.

Further, the Audit Committee shall mandatorily review the following:

- i. management discussion and analysis of financial condition and results of operations;
- ii. statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- iii. management letters / letters of internal control weaknesses issued by the statutory auditors;
- iv. internal audit reports relating to internal control weaknesses; and
- v. the appointment, removal and terms of remuneration of the chief internal auditor.

Stakeholder/ Investor Relationship Committee:

Our Company has formed the Stakeholder/ Investor Relationship Committee vide Resolution passed in the meeting of the Board of Director dated August 04, 2014. The constituted Stakeholder/ Investor Relationship Committee comprises following the Chairman and members:

Name of the Director	Status in Committee	Nature of Directorship
Mr. Amol Doneria	Chairman	Non Executive-Independent Director
Mr. Rajesh Gupta	Member	Non Executive-Independent Director
Mr. Ashok Kumar Goyal	Member	Whole Time Director and Chairman

The Company Secretary of our Company shall act as a Secretary to the **Stakeholder/ Investor Relationship Committee**. The scope and function of the Shareholders / Investors Grievance Committee and its terms of reference shall include the following:

- A. Tenure:** The Stakeholder/ Investor Relationship Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Shareholders / Investors Grievance Committee as approved by the Board.
- B. Meetings:** The Stakeholder/ Investor Relationship Committee shall meet at least at least four times a year with maximum interval of four months between two meetings and shall report to the Board on a quarterly basis regarding the status of redressal of complaints received from the shareholders of the Company. The quorum shall be two members present.
- C. Terms of Reference:** Redressal of shareholders' and investors' complaints, including and in respect of:
- Allotment, transfer of shares including transmission, splitting of shares, changing joint holding into single holding and vice versa, issue of duplicate shares in lieu of those torn, destroyed, lost or defaced or where the cages in the reverse for recording transfers have been fully utilized.
 - Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.; and
 - Review the process and mechanism of redressal of Shareholders /Investors grievance and suggest measures of improving the system of redressal of Shareholders /Investors grievances.
 - Non-receipt of share certificate(s), non-receipt of declared dividends, non-receipt of interest/dividend warrants, non-receipt of annual report and any other grievance/complaints with Company or any officer of the Company arising out in discharge of his duties.
 - Oversee the performance of the Registrar & Share Transfer Agent and also review and take note of complaints directly received and resolved them.
 - Oversee the implementation and compliance of the Code of Conduct adopted by the Company for prevention of Insider Trading for Listed Companies as specified in the Securities & Exchange Board of India (Probation of insider Trading) Regulations, 1992 as amended from time to time.
 - Any other power specifically assigned by the Board of Directors of the Company from time to time by way of resolution passed by it in a duly conducted Meeting, Carrying out any other function contained in the equity listing agreements as and when amended from time to time.

Nomination & Remuneration Committee

Our Company has formed the Remuneration Committee vide Resolution of the Board of Directors dated February 26, 2010. The committee was re-constituted as Nomination and Remuneration Committee vide Board of Directors resolution dated August 04, 2014. The Remuneration Committee comprises following Chairman and the members:

Name of the Director	Status in Committee	Nature of Directorship
Mr. Rajesh Gupta	Chairman	Non Executive-Independent Director
Mrs. Astha Sharma	Member	Non Executive-Independent Director
Mr. Amol Doneria	Member	Non Executive-Independent Director

The Company Secretary of our Company shall act as a Secretary to the Nomination & Remuneration Committee. The scope and function of the Committee and its terms of reference shall include the following:

A. Tenure: The Nomination & Remuneration Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board.

B. Meetings: The Nomination & Remuneration Committee shall meet as and when the need arise for review of Managerial Remuneration. The quorum for the meeting shall be one third of the total strength of the committee or two members, whichever is higher. Meeting of the Nomination & Remuneration Committee shall be called by at least seven day's notice in advance.

C. Terms of Reference:

- i. Identify persons who are qualified to become directors and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluations of every director's performance.
 - ii. Formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for directors, KMPs and other employees.
 - iii. Decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment of Executive Directors.
 - iv. Define and implement the Performance Linked Incentive Scheme (including ESOP of the Company) and evaluate the performance and determine the amount of incentive of the Executive Directors for that purpose.
 - v. Decide the amount of Commission payable to the Whole time Directors.
 - vi. Review and suggest revision of the total remuneration package of the Executive Directors keeping in view the performance of the Company, standards prevailing in the industry, statutory guidelines etc.
- To formulate and administer the Employee Stock Option Scheme