

## **CORPORATE GOVERNANCE**

The provisions of the SME Equity Listing Agreement to be entered into by our Company with the Stock Exchange with respect to corporate governance and the SEBI (ICDR) Regulations, 2009 in respect of corporate governance, will be applicable to our Company at the time of seeking in principle approval for listing of our Company's Equity Shares with the Stock Exchanges. Our Company has complied with clause 52 (as applicable) of the SME Equity Listing Agreement in respect of Corporate Governance specially with respect to broad basing of Board, constituting the Committees such as Audit Committee, Stakeholder's Relationship Committee and Nomination and Remuneration Committee.

### **Composition of the Board of Directors**

The Board of Directors of our Company has an optimum combination of executive and non-executive Directors as envisaged in Clause 52 of the SME Equity Listing Agreement. There are 5 Directors on our Board of which 1 is a woman director. Further, our Chairman is a non-executive director and is not related to the Promoters. Accordingly, out of 5 directors, 2 i.e. not less than one-third directors comprise of Non-Executive and Independent Directors in accordance with the requirement of Clause 52 (I) (A) (1) of the SME Equity Listing Agreement of the Stock Exchange.

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Designation</b>	<b>Status</b>
1.	Mr. Deepak Shah	Chairman and Independent Director	Non – Executive and Independent Director
2.	Mr. Jasmin Ajmera	Managing Director	Executive and Non – Independent Director
3.	Mr. Manish Ajmera	Whole – time Director	Executive and Non – Independent Director
4.	Mrs. Minal Ajmera	Non – Executive Director	Non – Executive and Non – Independent Director
5.	Mr. Utpal Desai	Independent Director	Non – Executive and Independent Director

In accordance with Clause 52 of the SME Equity Listing Agreement, our Company has constituted the following committees:

#### **I. Audit Committee**

The Audit Committee of our Board was reconstituted by our Directors by a board resolution dated July 17, 2015 pursuant to section 177 of the Companies Act, 2013. The Audit Committee comprises of:

<b>Sr. No.</b>	<b>Name of the Member</b>	<b>Nature of Directorship</b>	<b>Designation in Committee</b>
1.	Mr. Utpal Desai	Non-Executive Independent Director	Chairman
2.	Mr. Deepak Shah	Non-Executive Independent	Member

		Director	
3.	Mr. Jasmin Ajmera	Executive Non-Independent Director	Member

The scope of Audit Committee, in addition to any prescribed by the Companies Act, 2013, shall include but shall not be restricted to the following :

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. 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;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. 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 (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and 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.
5. Reviewing, with the management, the half yearly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue / offer (public issue / offer, 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;

7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. 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;
14. Discussion with internal auditors any significant findings and follow up there on;
15. 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;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as postaudit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**The Audit Committee enjoys following powers:**

- a. To investigate any activity within its terms of reference;
- b. To seek information from any employee;
- c. To obtain outside legal or other professional advice;
- d. To secure attendance of outsiders with relevant expertise if it considers necessary; and
- e. The audit committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the Company. The finance director, head of internal audit and a representative of the statutory auditor may be present as invitees for the meetings of the audit committee.

**The Audit Committee shall mandatorily review the following information:**

- a. Management discussion and analysis of financial condition and results of operations;
- b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses; and
- e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be incorporated in the minutes of the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

**Meeting of Audit Committee**

The audit committee shall meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there shall be a minimum of two independent members present. Since the formation of the committee, no

Audit Committee meetings have taken place.

## **II. Stakeholders' Relationship Committee**

The Stakeholders' Relationship Committee of our Board was constituted by our Directors pursuant to section 178 (5) of the Companies Act, 2013 by a board resolution dated July 17, 2015. The Shareholder and Investor Grievance Committee comprises of:

<b>Sr. No.</b>	<b>Name of the Member</b>	<b>Nature of Directorship</b>	<b>Designation in Committee</b>
1.	Mr. Deepak Shah	Non-Executive Independent Director	Chairman
2.	Mr. Utpal Desai	Non-Executive Independent Director	Member
3.	Mrs. Minal Ajmera	Non-Executive Non-Independent Director	Member

**This committee will address all grievances of Shareholders/Investors and its terms of reference include the following:**

1. Allotment and listing of our shares in future;
2. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates;
3. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares and debentures;
4. Reference to statutory and regulatory authorities regarding investor grievances;
5. To otherwise ensure proper and timely attendance and redressal of investor queries and grievances; and
6. And to do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

### **Quorum and Meetings**

The quorum necessary for a meeting of the Stakeholders Relationship Committee shall be two members or one third of the members, whichever is greater. Since the formation of the committee, no Stakeholders Relationship Committee meetings have taken place.

### **Policy on Disclosures and Internal procedure for prevention of Insider Trading**

The provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchange. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 on listing of our Equity Shares on stock exchange.

### **III. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee of our Board was constituted by our Directors pursuant to section 178 of the Companies Act, 2013 by a board resolution dated July 17, 2015.

The Nomination and Remuneration Committee currently comprises of:

<b>Sr. No.</b>	<b>Name of the Member</b>	<b>Nature of Directorship</b>	<b>Designation in Committee</b>
1.	Mr. Utpal Desai	Non-Executive Independent Director	Chairman
2.	Mr. Deepak Shah	Non-Executive Independent Director	Member
3.	Mrs. Minal Ajmera	Non-Executive Non-Independent Director	Member

The scope of Nomination and Remuneration Committee shall include but shall not be restricted to the following:

- a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b) Formulation of criteria for evaluation of Independent Directors and the Board;
- c) Devising a policy on Board diversity; and

d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

**Quorum and Meetings**

The quorum necessary for a meeting of the Nomination and Remuneration Committee shall be two members or one third of the members, whichever is greater. The Committee has had a meeting on July 20, 2015 for finalising the remuneration payable to the Executive Directors for their term of appointment.