

# V-GUARD INDUSTRIES LIMITED

Registered Office: 42/962, Vennala High School Road,  
Vennala P.O., Kochi - 682 028, Kerala, India

Tel : +91 484 3005000, 2005000

Fax: +91 484 3005100

Email: mail@vguard.in

CIN: L31200KL1996PLC010010



www.vguard.in

## Quarterly Compliance Report on Corporate Governance

Name of the Company : V-Guard Industries Limited  
Quarter ending : 31<sup>st</sup> March, 2015

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
<b>II. Board of Directors</b>	49 (II)		
(A) Composition of Board	49 (II A)	YES  The Board of the Company consists of 8 Directors, out of which 5 are Non- Executive Directors. Among the 5 Non- Executive Directors, 4 are Independent Directors. Mr. Kochouseph Chittilappilly, Promoter and Whole-time Director is the Chairman of the Board. Mrs. Joshna Mithun was appointed as a Director of the Company in the non-executive category by the members of the Company in their Annual General Meeting held on 29 <sup>th</sup> July, 2014 in accordance with the provisions of Section 161 of the Companies Act, 2013.	COMPLIED
(B) Independent Directors	49 (II B)	YES  All the Independent Directors fulfill the criteria prescribed under Clause 49.  No Independent Directors is serving as an Independent Director in more than 7 listed Companies and those Independent Directors who are serving as Whole-time Directors in other companies are not occupying the position of independent director in more than 3 listed companies.  Independent directors are appointed for a term not exceeding 5 consecutive years.  Formal letter of appointment was given to all	COMPLIED



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		<p>the Independent Directors and the same along with detailed profile of Independent directors are disclosed in the website of the Company.</p> <p>The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of the Independent Directors. The Board of the Company has evaluated the performance of the Independent directors on the basis of criteria laid down by the Nomination and Remuneration Committee. The criteria for performance evaluation shall be disclosed in the Annual Report 2014-15.</p> <p>Separate meeting of Independent Directors was during the quarter under review and all the Independent Directors had participated in the meeting.</p> <p>Independent Directors were briefed about the Company, its business model and nature of the industry in which it operates and the details of training provided shall be disclosed in the Annual Report 2014-15.</p>	
(C) Non-executive Directors' compensation & disclosures	49 (II C)	<p>YES</p> <p>The Non-Executive Directors of the Company are paid sitting fees, which is duly approved by the Board of Directors of the Company and the same is within the limits specified in Rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) General Rules 2014.</p> <p>The Board of Directors of the Company considered and approved payment of commission to Mr. Cherian N Punnoose, Independent Director, @ not exceeding 1% of the net profit of the Company for a period of five years from 29<sup>th</sup> July, 2014 to 28<sup>th</sup> July, 2019, subject to the approval of the shareholders in their 19<sup>th</sup> Annual General Meeting.</p> <p>None of the Non-Executive Directors of the Company has been granted stock options.</p>	COMPLIED



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(D) Other provisions as to Board and Committees	49 (II D)	YES  The Board meets once in every quarter and all the information given in Annexure – X are placed before the meeting. The Directors are reporting their directorships in other companies, position in various committees and changes therein if any, immediately to the Company. The Board also reviews compliance reports of all laws applicable to the Company on a quarterly basis and steps taken by the Company to rectify instances of non-compliances, if any.  The Board has developed a succession policy to ensure that plans are in place for orderly succession for appointments to the Board and to Senior Management.	COMPLIED
(E) Code of Conduct	49 (II E)	YES  The Company has revised the Code of Conduct in line with the provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement and the same has been adopted by the Board of Directors and the same has been posted on the website of the Company.  The Board of Directors has given their affirmation that they comply with the code.	COMPLIED
(F) Whistle Blower Policy	49 (II F)	YES  The Company has established a vigil mechanism for directors and employees and a whistle blower policy has been adopted in this regard in accordance with the provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement and the same has been posted on the web site of the Company. Policy will be disclosed in the Board's report for the financial year 2014-15.	COMPLIED
<b>III. Audit Committee</b>	49 (III)		
(A) Qualified & Independent Audit Committee	49 (IIIA)	YES  The Audit Committee of the Company consists of four Non-Executive Independent Directors and one Executive Director, all having expertise	COMPLIED



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		and good experience in the areas of Finance. Mr. Cherian N Punnoose, Chartered Accountant, is the Chairman of the Audit Committee and he was present in the 18 <sup>th</sup> Annual General Meeting of the Company to answer shareholders' queries.	
(B) Meeting of Audit Committee	49 (IIIB)	YES  Audit Committee members meet periodically to review the quarterly unaudited / audited financial results of the Company and the Internal Audit reports and other mandatory matters to be reviewed by Audit Committee members. Period of four months has not elapsed between two meetings.	COMPLIED
(C) Powers of Audit Committee	49 (IIIC)	YES  The Audit Committee exercises all the powers conferred on it by the Board.	COMPLIED
(D) Role of Audit Committee	49 (III D)	YES  The Audit Committee members carry out the functions meticulously and review the entire financial activities of the Company including internal audit and control measures. The Board has in its meeting held on 29 <sup>th</sup> July, 2014, amended the terms of reference of Audit Committee in accordance with the provisions of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.	COMPLIED
E) Review of Information by Audit Committee	49 (III E)	YES  All mandatory items are invariably reviewed by the Audit Committee members at their meetings.	COMPLIED



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<b>IV. Nomination and Remuneration Committee</b>	49 (IV)	YES  A Committee has been set up with 3 Independent Directors and One Non- Executive Director. The Chairman of the Committee is an Independent Director. The Committee has formulated policies on Nomination Remuneration & Evaluation of Directors and Senior Management and Board Diversity. Details of remuneration policy and the evaluation criteria will be disclosed in the Annual Report for 2014-15.	
<b>V. Subsidiary Company</b>	49 (V)	No subsidiary Companies	N A
<b>VI. Risk Management</b>	49 (VI)	YES  The various risks associated with the operations of the Company and the steps taken to minimize the same are periodically placed before the Audit Committee. Review and recommendation made by the Committee, if any, are placed before Board. The risk management policy has been amended in accordance with the provisions of amended Clause 49 of the Listing Agreement and Risk Management Committee has been re-constituted in accordance with the provisions of Clause 49 of the Listing Agreement.	COMPLIED
<b>VII. Related Party Transactions</b>	49 (VII)	YES  The Company has formulated a policy on materiality of Related Party Transactions and dealing with the Related Parties, as required under Listing Agreement. For entering into any transactions with Related Parties, approval of Audit Committee is taken as per the applicable laws and as per the said policy.	COMPLIED
<b>VIII. Disclosures</b>	49 (VIII)		
(A) Related party transactions	49 (VIII A)	YES  A statement detailing transactions entered with the related parties in the ordinary course of business is placed before the Audit Committee of the Company on a quarterly	COMPLIED

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		basis. The policy has been disclosed in the Website of the Company and the same shall be disclosed in the Annual Report for the year 2014-15.	
(B) Disclosure of Accounting Treatment	49 (VIII B)	YES  Presently, there is no change in the Accounting policies and Standards adopted by the Company.	COMPLIED
(C) Remuneration of directors	49 (VIII C)	YES  Details relating to payment of remuneration paid or payable to the Directors will be disclosed in the Annual Report 2014-15  None of the non-executive directors of the Company holds shares of the Company.	COMPLIED
(D) Management	49 (VIII D)	YES  The Management Discussion and Analysis Report will be included in the Annual Report 2014-15 covering various aspects of Industry structure and development, segment and product wise performance, opportunities and threats, outlook, risks assessment and minimization procedures.  No transaction has been entered into with any one member of the Senior Management, wherein the personal interest of the employee has potential conflict with the interest of the Company at large.  Code of Conduct for the Board of Directors and Senior Management has been disclosed on the website of the Company.	COMPLIED
(E) Shareholders	49 (VIII E)	YES  Details of Directors seeking appointment and re-appointment, their brief resume and nature of expertise in specific functional areas, name of the Companies in which they holds directorship & membership of the committees of the board etc., will be incorporated in the Annual Report 2014-15.	COMPLIED



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		The Company has duly constituted Stakeholders Relationship and Share Transfer Committee under the Chairmanship of an Independent Director to take care of all the matters concerning the investors' interest.	
(F) Proceeds from public issues, rights issues, preferential issues etc.	49 (VIII F)	YES  The Company has issued 55,006 equity shares of Rs.10/- each to eligible employees who have exercised the options under Employees Stock Option Scheme, (ESOS) 2013 during the quarter under review.	COMPLIED
IX. CEO/CFO Certification	49 (IX)	YES  Certificate signed by the Managing Director and CFO will be obtained and the compliance of same will be mentioned in the Annual Report 2014-15.	COMPLIED
X. Report on Corporate Governance	49 (X)	YES  A detailed compliance report on Corporate Governance has been included in the Annual Report 2013-14. Further, Corporate Governance Report for every quarter is sent to the Stock Exchanges.	COMPLIED
XI. Compliance	49 (XI)	YES  The Company has obtained a certificate on compliance of conditions of Corporate Governance for the year 2013-14 from the Statutory Auditors M/s. S R Batliboi & Associates LLP, Chartered Accountants and the same has been included in the Annual Report for the year 2013-14.	COMPLIED

Yours faithfully,  
For V-Guard Industries Limited

  
Mithun K Chittilappilly  
Managing Director