

Quarterly Compliance Report on Corporate Governance

Name of the Company Quarter ending

: V-Guard Industries Limited : 30th June, 2014

| Particulars | Clause of | Compliance | Remarks |
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| | Listing | Status | |
| | agreement | Yes/No | , |
| I. Board of Directors | 49 1 | | |
| (A) Composition of Board | 49 (IA) | YES | The present Board of the Company consists of 8 Directors, of which 4 are Independent Directors. Mr. Ullas K Kamath and Mrs. Joshna Mithun were appointed as Additional Directors on the Board of the Company effective from 2 nd May, 2014 in the categories of independent and non-executive respectively and they will hold office upto the date of the ensuing Annual General Meeting. Mr. Kochouseph Chittilappilly, Promoter and Whole-time Director is the Chairman of the Board. |
| (B) Non-executive Directors' compensation & disclosures | 49 (IB) | YES | 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. Shareholders of the Company in their 17 th Annual General Meeting approved payment of commission to Mr. Cherian N Punnoose, Non-Executive Director, not exceeding 1% of the net profit of the Company, for a period of three years w.e.f 01 st November, 2012. |
| (C) Other provisions as to Board and Committees | 49 (IC) | YES | The Board meets once in every quarter and all the information given in Annexure – IA 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 are taken by the Company to rectify instances of non-compliances, if any. |

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| (D) Code of Conduct | 49 (ID) | YES | The Company has laid down the code of conduct for all the Board members and senior management of the Company and the same is also posted on the website of the Company. |
| II. Audit Committee | 49 (II) | | |
| (A) Qualified & Independent Audit Committee | 49 (IIA) | YES | The Audit Committee of the Company consists of three Non-Executive Independent Directors and one Executive Director, all having expertise and good experience in the areas of Finance. Mr. Cherian N Punnoose, Chartered Accountant, is the Chairman of the Audit Committee. |
| (B) Meeting of Audit Committee | 49 (IIB) | YES | Audit Committee members meet periodically to review the quarterly unaudited financial results of the Company and the Internal Audit reports. |
| (C) Powers of Audit Committee | 49 (IIC) | YES | The Audit Committee exercises all the powers conferred on it by the Board. |
| (D) Role of Audit Committee | 49 II (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. |
| E) Review of Information by Audit Committee | 49 (IIE) | YES | All mandatory items are invariably reviewed by the Audit Committee members at their meetings. |
| III. Subsidiary Company | 49 (III) | NA | No subsidiary Companies |
| IV. Disclosures | 49 (IV) | | |
| (A) Basis of related party transactions | 49(IV)(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 basis. |



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| (B) Disclosure of Accounting Treatment | 49(IV B) | YES | Presently, there is no change in the Accounting policies and Standards adopted by the Company. |
| (C) Board Disclosures- Risk Management | 49 (IV C) | YES | The various risks associated with the operations of the Company and the steps taken to minimize the same are periodically placed before the Audi Committee for its review and recommendation made by the Committee, if any, are placed before Board. |
| (D) Proceeds from public issues, rights issues, preferential issues etc. | 49 (IV D) | NA | As the Company has not raised any fund during the quarter under review, the compliance of provisions relating to the sub-clause does not apply. |
| (E) Remuneration of Directors | 49 (IV E) | YES | Details relating to payment of remuneration to Directors have been disclosed in the Annual Report for the year 2013-14 of the Company. |
| (F) Management | 49 (IV F) | YES | The Management Discussion and Analysis Report has been included in the Annual Report 2013-14 covering various aspects of Industry structure and development, segment and product wise performance, opportunities and threats, outlook, risks assessment and minimization procedures. |
| (G) Shareholders | 49 (IV G) | YES | 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. Details of Directors seeking appointment and reappointment, 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., have been incorporated in the Annual Report for the year 2013-14. |
| COCHINA BROOM | · | | been incorporated in the Annual Report |

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| V. CEO/CFO Certification | 49 (V) | YES | Certificate signed by the Managing Director and CFO has been obtained and the compliance of same has been mentioned in the Annual Report for the year 2013-14. |
| VI. Report on Corporate Governance | 49 (VI) | 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. |
| VII. Compliance | 49 (VII) | 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. |

Yours faithfully, For V-Guard Industries Limited

Mithun K Chittilappilly Managing Director