

REPORT ON CORPORATE GOVERNANCE FORMING PART OF THE DIRECTORS' REPORT

I. Company's Philosophy on Code of Governance

The company firmly believes in good Corporate Governance and has made Corporate Governance a practice and continuous process of development right across the company. The company's philosophy on corporate governance envisages the attainment of the highest levels of transparency and accountability in the functioning of the company and conduct of business.

The company's corporate philosophy is focused on its people who are the most important assets. The company values its employee's integrity, creativity and ability who in turn demonstrate the highest ethical standard and responsibility towards the shareholders. The company believes that over a period of time all its operations and actions must serve the underlying goal of enhancing overall shareholder value.

Our company is in compliance with the guidelines on Corporate Governance stipulated under various clauses of Listing Agreement with stock exchanges and in this regards, we submit a report on the matters mentioned in the said clauses and practices followed by the company.

2. Board of Directors

The company has optimum combination of executive and Non-Executive Directors. The Board consists of Six Directors out of which One is Executive Directors, five are Non-Executive. Further the composition of board includes Three Independent Directors. None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than five Committees (as specified in the Clause 49 of the Listing Agreement), across all the companies in which they are Director. The necessary disclosures regarding Committee positions have been made by the Directors.

As per the declaration received by the company, none of the director are disqualified under section 274(I)(g) of the companies Act, 1956 read with Companies (Disqualification of Director under 274(I)(g) of the Companies Act,1956) Rules 2003 and pursuant to Section 184 of Companies Act 2013 and rules made thereunder.

(a) The composition of the Board of Directors as on March 31, 2014 is as under:-

Sl. No.	Name of Director	Executive/ Non Executive	No. of other Directorship	No. of other Committee Membership
1.	Virender kumar Agarwal	Non-Executive	2	2
2.	Manju Agarwal	Executive	0	2
3.	Shakul kumar Agarwal	Non-Executive	2	2
4.	Hemant Agarwal	Non-Executive & Independent	0	3
5.	Parveen Gupta	Non-Executive & Independent	0	3
6.	Deepak kumar Sharma	Non-Executive & Independent	0	2

Note: - As per clause 49 of the Listing Agreement membership of Audit Committee Shareholders/ Investors Grievance Committee are required to be disclosed.

(b) Board Meeting held in Financial Year 2013 – 2014 and attendance of Directors:

Meetings of the Board and its Committee/s are generally held in New Delhi and scheduled well in advance. Normally the Board meets at least once in a quarter and the maximum time gap between any two meetings is not more than four months to consider amongst other businesses, the quarterly performance of the company and financial results. The Directors actively participate in the deliberation at these meetings. During the year, Twelve Board Meetings were held on May 15, 2013, July 07, 2013, August 10, 2013, August 31, 2013, September 10, 2013, October 21, 2013, November 1, 2013, November 15, 2013, November 20, 2013, December 20, 2013, December 27, 2013, and on February 14, 2014.

The attendance of each Director in the Board Meetings is detailed herein below:

Name of Director	Executive/ Non Executive	Designation	No. of Board Meetings held during 2013-14	No. of Board Meetings attended during 2013-14	Attendance at the last AGM held on September 30, 2013
Virender Kumar Agarwal	Non-Executive	Director	12	12	Present
Manju Agarwal	Executive	Whole time director	12	12	Present
Shakul kumar Agarwal	Non-Executive	Director	12	12	Present
Hemant Agarwal	Non-Executive & Independent	Independent director	12	12	Present
Parveen Gupta	Non-Executive & Independent	Independent director	12	12	Present
Deepak kumar Sharma (Appointed on 27.12.2013)	Non-Executive & Independent	Independent director	12	3	Not Present

(c) Resolution passed by circulation

During the financial year 2013-2014, No resolution of board was passed by circulation.

(d) Remuneration paid to Executive Directors and sitting fees to the Non-executive Directors

Remuneration to Whole Time Directors is being paid as per terms of their appointment. The remuneration committee of Board of directors reviews and recommends to the Board of directors, remuneration payable to the Managing Director and the Whole Time Director. The details of remuneration paid to the Managing Director/ Joint Managing Director /Whole Time Director during the year are stated herein below:

Sl. No.	Name	Designation	Salaries & Allowances (Rs. in lakhs Per annum)	Commission* (Rs. in lakhs)	Total (Rs. in lakhs)
I.	Manju Agarwal	Whole Time Director	9.00	Nil	9.00

*Commission was waived off by the directors.

(e) Terms of appointment of Managing Director, Joint Managing Director and Whole Time Director

The current term of appointment of Manju Agarwal, Whole Time Director is upto June 29, 2015.

(f) Independent Director's Remuneration

Considering the scale of operations of the company no remuneration was paid to Independent Directors during 2013-2014.

(g) Disclosure in terms of Section II Part B of Schedule V to the Companies Act, 2013

i) All elements of remuneration package of all directors of the company:

Sl. No.	Name & Designation	Salaries (Rs. in lakhs per annum)	Benefits (Rs. in lakhs)	Bonus	Stock Option	Pension
I.	Manju Agarwal - Whole Time Director	9.00	Nil	Nil	Nil	Nil

ii) Details of fixed component and performance linked incentives alongwith performance criteria:

The fixed component of salary is the same as mentioned in above table. There is no performance linked incentive payable to any director.

iii) Details of Service contract, notice period and severance fee

Sl. No.	Name & Designation	Service Contract	Notice Period	Severance fee
I.	Manju Agarwal - Whole Time Director	3 Years w.e.f. 30 th June, 2012	3 Months	Nil

iv) Stock option details of every director: No stock option was given to any director.

(h) Shareholding of Directors in the Company as on March 31, 2014

Sl. No.	Name of Director	No. of Shares	% of Total Shareholding
1.	Virender Kumar Agarwal	15,22,460	33.19
2.	Manju Agarwal	1,43,400	3.13
3.	Shakul kumar Agarwal	Nil	0.00
4.	Hemant Agarwal	Nil	0.00
5.	Parveen Gupta	Nil	0.00
6.	Deepak kumar Sharma	Nil	0.00

(i) Committees of Board

The Board of Directors of the company has constituted the following Committees namely (i) Audit Committee (ii) Shareholders'/Investors' Grievance Committee (iii) Remuneration Committee and (iv) Corporate Governance and Stakeholders' Interface Committee.

3. Audit Committee

The Company has an Audit Committee of the Board in accordance with provision of clause 49 of the Listing Agreement. The composition of Audit Committee is as follows:

Sl. No.	Name of Directors	Executive/ Non Executive	Designation
1.	Mr. Parveen Gupta	Non Executive - Independent	Chairman
2.	Mr. Hemant Agarwal	Non Executive - Independent	Member
3.	Mr. Deepak Kumar Sharma	Non Executive - Independent	Member
4.	Mr. Shakul Kumar Agarwal	Non-Executive Director	Member

The quorum of the Audit Committee is two members. The composition, powers, role and term of reference of the committee are in consonance with the requirements mandated under section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Four Audit Committee meetings were held during the financial year 2013-14, the date of which are as follows:

1. May 14, 2013
2. August 09, 2013
3. August 31, 2013
4. November 14, 2013
5. February 13, 2014

The main object of Audit Committee is to ensure the credibility and correctness of the Company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, and other associated matters.

The attendance of members of the Audit Committee in the Audit Committee is as follows:

Sl. No.	Name	Number of Meetings Attended
1.	Mr. Parveen Gupta	5
2.	Mr. Hemant Agarwal	4
3.	Mr. Deepak Kumar Sharma	5
4.	Mr. Shakul Kumar Agarwal	5

Brief Terms of Reference of Audit Committee:

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial reports and other financial information provided by the company to any statutory authority or to the investors or the public, the company's system of internal controls regarding finance, accounting and legal compliances that Management and the Board have established.

The terms of reference of Audit Committee include *inter-alia* the following:

- a. Discussion with the auditors, periodically about the internal control systems, the scope of audit including the observation of the auditors.
- b. To review the quarterly, half yearly and annual financial statements before submission to the Board.
- c. To review and take on record the unaudited quarterly results of the company before publication.
- d. To ensure compliance of Internal Control System.
- e. Oversight of the company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- f. Noting appointment and removal of external auditors. Recommending the fixation of audit fees of external auditors and also approval for payment for any other services.
- g. Reviewing with Management the annual financial statements before submission to the Board.
- h. To review change in accounting policy as and when therein.

4. Remuneration Committee

The company has a duly constituted "Remuneration Committee". The Committee consists of three (3) Non Executive Independent Directors. All matters relating to finalization of remuneration of directors are being taken to the Committee for their consideration and approval.

The following directors are the members of the Remuneration Committee:

Sl. No.	Name of Directors	Designation
1.	Mr. Hemant Agarwal	Chairman
2.	Mr. Parveen Gupta	Member
3.	Mr. Deepak Kumar Sharma	Member

During the financial year 2013-14 only one meeting of Remuneration Committee was held the date of which was May 30, 2013.

5. Shareholders' / Investors' Grievance Committee

The following directors are members of the Shareholders' / Investors' Grievance Committee:

Sl. No.	Name of Directors	Designation
1.	Virender Kumar Agarwal	Chairperson
2.	Manju Agarwal	Member
3.	Hemant Agarwal	Member
4.	Shakul Kumar Agarwal	Member

The scope of the "_Shareholders' / Investors' Grievance Committee is to monitor investors' grievances/complaints along with the share transfers. The Committee approved the share transfers at its meetings.

The quorum of the meeting shall be any two members present at the meeting.

As required by the Listing Agreement executed with Stock Exchanges, Virender kumar Agarwal, Director, was appointed as a 'Compliance Officer' and entrusted to monitor the share transfer process and liaise with the regulatory authorities.

There has been no complaint that has not been resolved to the satisfaction of the shareholders nor are there any pending complaints.

6. Corporate Governance and Stakeholders' Interface Committee

The following directors are members of the Corporate Governance and Stakeholders' Interface Committee:

Sl. No.	Name of Directors	Designation
1.	Virender Kumar Agarwal	Chairperson
2.	Manju Agarwal	Member
3.	Parveen Gupta	Member

7. General Body Meetings

The details of last three Annual General Meetings are as mentioned below:

For the year	Venue	Date	Day and Time	Whether Special Resolution
2010-11	205, Sri Ram House, 5398/70, Regarpura, Arya Smaj Road, karol bagh, New Delhi 110005	September 30, 2011	Thrusday, 03:00 P.M.	No
2011-12	205, Sri Ram House, 5398/70, Regarpura, Arya Smaj Road, karol bagh, New Delhi 110005	September 29, 2012	Saturday, 04:00 P.M.	Yes
2012-13	205, Sri Ram House, 5398/70, Regarpura, Arya Smaj Road, karol bagh, New Delhi 110005	September 30, 2013	Monday, 10:00 A.M.	No

Details of the Extraordinary General Meetings of the last three years is as follows:

2011-12	205, Sri Ram House, 5398/70, Regarpura, Arya Smaj Road, karol bagh, New Delhi 110005	March 31, 2012	Saturday, 10:00 A.M.	Yes
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No resolutions requiring postal ballot as recommended under Companies (Passing of Resolution by Postal Ballot) Rules, 2001 have been placed for shareholders' approval at the last Annual General Meeting.

8. Disclosures

a. Materially Significant Related Party Transactions

During the year 2013-14, there were no materially significant related party transactions with its promoters, directors or the management that may have potential conflict with the interest of the company at large. However, the transactions made with related parties are at arm's length price.

b. Subsidiary Companies

The company does not have any material non-listed Indian subsidiary company whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

c. Insider Trading Code

The company has adopted the Employee Share Dealing Code in terms of the SEBI (Prohibition of Insider Trading) Regulations 1992. This code is applicable to all Directors and Designated employees of the company. The code seeks to prevent dealing in company's share by persons having access to unpublished, price sensitive information. The company regularly monitors the transaction in terms of this code.

d. Non-Compliance/Strictures/Penalties

There was no instance of non-compliance by the company on any matters related to Capital markets and therefore, no penalties and/or strictures have been imposed on the company by Stock Exchange or SEBI or any statutory authority during the last three years.

9. CEO/CFO Certification

In terms of revised clause 49 of Listing Agreement, the certification by Whole Time Director and Chairman cum Director has been obtained and is attached as part of this annual report. Further the Managing Director of the company has given a declaration that all the Board members and senior management have affirmed compliance with the code of conduct for the current year.

10. Means of Communication

The quarterly Unaudited Financial Results and Annual Financial Results are published in leading national newspapers. It is also displayed on company's website at www.advikgroup.com. The company has not made any representation to any Institutional Investor. The Management Discussion and Analysis report prepared by the Management, forms part of the Annual Report.

10. General Shareholder's Information

(a) Annual General Meeting information

Day, Date	:	Saturday, 27 th September, 2014
Time	:	11:30 A.M.
Venue	:	Plot Number 84, Kanjawla industrial Area, 100 Foota Road, New Delhi 110081

(b) Financial Calendar

Advik Industries Limited. follows the financial year from April to March. The Unaudited Financial Results for the first three quarters and the Audited Financial Results for the year ended March 31, 2014 were taken on record and approved by the Board of Directors in its meeting(s) held on the following dates:

Quarter Ended	Date of Board Meeting
April – June, 2013	August 10, 2013
July – September, 2013	November 15, 2013
October – December, 2013	February 14, 2014
Year Ended March 31, 2014	May 31, 2014

(c) Book Closure

The company's Register of Members and Share Transfer books will remain closed from September 23, 2014 to September 27, 2014 (both days inclusive) for the purpose of Annual General Meeting of the Company.

(d) Stock Exchanges

The Company's equity shares are listed on the Delhi Stock Exchange.

(e) Dividend paid for the last three years

No dividend has been declared by the management in last three financial years.

(f) Market Price Data

Trading of shares on Delhi Stock Exchange in not functional.

(g) Share Performance Chart

Due to non functionality of Delhi Stock Exchange, management in unable to present Share Performance chart.

(h) Registrar & Transfer Agent :

The Company has not appointed and registrar and transfer Agent. As till now the company registers transfer through in house mechanism.

(i) Share Transfer Process

Shares of the Company are held mostly in Physical forms. Transfer of shares both by Demat and Physical mode are approved by the 'Shareholders' / Investors' Grievance Committee'.

(j) Distribution of Shareholding as on 31.03.2014

Range No. of Shares	Shareholders		Shares	
	Numbers	% to total	Numbers	% to total
UPTO 500	503	81.39159	75200	1.639287
501 TO 1000	18	2.912621	14500	0.316086
1001 TO 2000	7	1.132686	11600	0.252869
2001 TO 3000	9	1.456311	23000	0.501378
3001 TO 4000	4	0.647249	14800	0.322626
4001 TO 5000	11	1.779935	54500	1.188047
5001 TO 10000	16	2.588997	117850	2.569016
10001 AND ABOVE	50	8.090615	4275910	93.21069
TOTAL	618	100	4587360	100

(k) Shareholding Pattern as on March 31, 2014

Sl. No.	Shareholders	No. of shares	Percentage
A.	Promoter's Holding		
1.	Indian Promoters	2240960	48.85076
B.	Non-Promoter's Holding		
1.	Banks, FIs, Insurance Cos., Central/State Govt. Institutions/ Non-Govt. Institutions	NIL	NIL
2.	Foreign Institutional Investors	NIL	NIL
C.	Others		
1.	Private Corporate Bodies	990800	21.59848
2.	Indian Public (including HUF)	1355600	29.55077
3.	NRIs/OCBs	NIL	NIL
4.	Trust	NIL	NIL
5.	Others (shares in transit)	NIL	NIL
	Grand Total	9,30,49,775	100.00%

(l) Dematerialisation of Shares and Liquidity

The equity shares of Company are in physical form.

(m) Secretarial Audit Report

As stipulated by the Securities and Exchange Board of India, M/s. A.K.Verma & Co., Company Secretaries , carries out the Secretarial Audit to reconcile the total issued and listed capital. This audit is carried out every quarter and the Report thereon is submitted to the Stock Exchanges and is also placed before the Audit Committee.

(n) Office Locations

Registered Office:

205, Shri Ram House, 5398/70 Regarpura,
Arya Smaj Road, karol bagh,
New Delhi 110005.
Phone : 011-28722012-14
Fax 011-28724657

Address for correspondence

Shareholders are advised to correspond to registered office of company at 205, Shri Ram House, 5398/70 Regarpura, Arya Smaj Road, karol bagh, New Delhi 110005, Phone : 011-28722012-14, Fax 011-28724657. for any query regarding Share Transfer / Transmission etc. and other related matter.

On behalf of the Board of Directors

Place: New Delhi
Dated: 1st September , 2014

Virender Kumar Agarwal
Chairman & Director
DIN: 00531255