

QUARTERLY COMPLIANCE REPORT ON CORPORATE GOVERNANCE

Name of the Company : **PASUPATI SPG. & WVG MILLS LTD.**

Quarter ended on : **30TH JUNE, 2012**

| Particulars | Clause of Listing Agreement | Compliance Status Yes/No | Remarks | | | | | | | | | | | | |
|---|-----------------------------|--------------------------|--|-----------------------------------|----------------------------|---------------------|----------------------------|------------------------|----------------------------|------------------------|---------------------------|--------------------------|---------------------------|---------------------|---------------------------|
| I) Board of Directors | 49 I | | | | | | | | | | | | | | |
| (A) Composition of Board | 49 I (A) | Yes | <p>The Board has Six (6) Directors, out of which, Three Directors are Executive and Non-Independent and Three Directors are Non-Executive and Independent.</p> <table border="0"> <tr> <td>1. Sh. Sh. Ramesh Kumar Jain, CMD</td> <td align="right">Executive Non –Independent</td> </tr> <tr> <td>2. Sh. S.K. Chhajer</td> <td align="right">Executive Non- Independent</td> </tr> <tr> <td>3. Sh. Vidit Jain</td> <td align="right">Executive Non- Independent</td> </tr> <tr> <td>4. Sh. Praveen Paliwal</td> <td align="right">Non-Executive-Independent</td> </tr> <tr> <td>5. Sh. G.D. Gupta</td> <td align="right">Non-Executive-Independent</td> </tr> <tr> <td>6. Sh. A.K. Rathore</td> <td align="right">Non-Executive-Independent</td> </tr> </table> <p>Total No. of Directors - Six No. of Independent Directors - Three No. of Non-Executive Directors - Three</p> <p>The Non-executive Independent Director of the company satisfies the definition of the independent director under Clause 49 I (A) (iii) of the Listing Agreement.</p> | 1. Sh. Sh. Ramesh Kumar Jain, CMD | Executive Non –Independent | 2. Sh. S.K. Chhajer | Executive Non- Independent | 3. Sh. Vidit Jain | Executive Non- Independent | 4. Sh. Praveen Paliwal | Non-Executive-Independent | 5. Sh. G.D. Gupta | Non-Executive-Independent | 6. Sh. A.K. Rathore | Non-Executive-Independent |
| 1. Sh. Sh. Ramesh Kumar Jain, CMD | Executive Non –Independent | | | | | | | | | | | | | | |
| 2. Sh. S.K. Chhajer | Executive Non- Independent | | | | | | | | | | | | | | |
| 3. Sh. Vidit Jain | Executive Non- Independent | | | | | | | | | | | | | | |
| 4. Sh. Praveen Paliwal | Non-Executive-Independent | | | | | | | | | | | | | | |
| 5. Sh. G.D. Gupta | Non-Executive-Independent | | | | | | | | | | | | | | |
| 6. Sh. A.K. Rathore | Non-Executive-Independent | | | | | | | | | | | | | | |
| (B) Non – Executive Directors' compensation & disclosures | 49 I (B) | Yes | <p>The payment of sitting fee to the Non-executive Directors of the company for attending the meetings of the Board of Directors has been approved and is being paid within the limits and as prescribed by the Central Govt. or such other limits as prescribed by the Central Government from time to time in this behalf.</p> <p>Except Sitting fee, no other fee/compensation is being paid to the Non-executive / Independent Director/s. The pecuniary relationship / transactions of the Non-executive Director/s for the year ended 31.03.2012 has been disclosed in the Annual Report for the year 2011-12.</p> | | | | | | | | | | | | |
| (C) Other provisions as to Board and Committees | 49 I (C) | Yes | <p>Following are the details of the Meetings held during the quarter ended on 30.06.2012:</p> <table border="0"> <thead> <tr> <th></th> <th align="center">Date</th> <th align="center">No. of Members</th> <th align="center">Members Present</th> </tr> </thead> <tbody> <tr> <td>- Board Meeting</td> <td align="center">30.05.2012</td> <td align="center">6</td> <td align="center">5</td> </tr> <tr> <td>- Audit Committee</td> <td align="center">30.05.2012</td> <td align="center">3</td> <td align="center">3</td> </tr> </tbody> </table> | | Date | No. of Members | Members Present | - Board Meeting | 30.05.2012 | 6 | 5 | - Audit Committee | 30.05.2012 | 3 | 3 |
| | Date | No. of Members | Members Present | | | | | | | | | | | | |
| - Board Meeting | 30.05.2012 | 6 | 5 | | | | | | | | | | | | |
| - Audit Committee | 30.05.2012 | 3 | 3 | | | | | | | | | | | | |

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|---|----------------------------|------------|---|------------------|----------------------------|------------|-----------------------|----------------------------|----------|--------------------|----------------------------|----------|------------|---|---|------------|---|---|------------|---|---|------------|---|---|------------|---|---|------------|---|---|
| | | | <p>- Share/ Debenture Transfer-cum- Shareholders'/ Investors Grievance Committee:</p> <table border="0"> <tr><td>10.04.2012</td><td>3</td><td>3</td></tr> <tr><td>20.04.2012</td><td>3</td><td>3</td></tr> <tr><td>30.04.2012</td><td>3</td><td>3</td></tr> <tr><td>10.05.2012</td><td>3</td><td>3</td></tr> <tr><td>19.05.2012</td><td>3</td><td>3</td></tr> <tr><td>31.05.2012</td><td>3</td><td>3</td></tr> <tr><td>09.06.2012</td><td>3</td><td>3</td></tr> <tr><td>20.06.2012</td><td>3</td><td>3</td></tr> <tr><td>30.06.2012</td><td>3</td><td>3</td></tr> </table> <p>Number of directors who are members of more than 10 Committees or act as Chairman in more than 5 Committees across all companies in which they are director - NIL</p> <p>Whether every director has informed the Company about the Committee position he occupies in other companies and has Notified changes, if any. - YES</p> | 10.04.2012 | 3 | 3 | 20.04.2012 | 3 | 3 | 30.04.2012 | 3 | 3 | 10.05.2012 | 3 | 3 | 19.05.2012 | 3 | 3 | 31.05.2012 | 3 | 3 | 09.06.2012 | 3 | 3 | 20.06.2012 | 3 | 3 | 30.06.2012 | 3 | 3 |
| 10.04.2012 | 3 | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 20.04.2012 | 3 | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30.04.2012 | 3 | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10.05.2012 | 3 | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 19.05.2012 | 3 | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 31.05.2012 | 3 | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 09.06.2012 | 3 | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 20.06.2012 | 3 | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30.06.2012 | 3 | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (D) Code of Conduct | 49 I (D) | Yes | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| II. Audit Committee | 49 II | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (A) Qualified & Independent Audit Committee | 49 II (A) | Yes | <p><u>Members:</u></p> <table border="0"> <tr><td>- Sh. G.D. Gupta</td><td>Non-Executive &Independent</td><td>- Chairman</td></tr> <tr><td>- Sh. Praveen Paliwal</td><td>Non-Executive &Independent</td><td>- Member</td></tr> <tr><td>- Sh. A.K. Rathore</td><td>Non-Executive &Independent</td><td>- Member</td></tr> </table> <p>The Company Secretary is the Secretary of the Committee. All members of Audit Committee are financially literate and have accounting and related financial management expertise.</p> | - Sh. G.D. Gupta | Non-Executive &Independent | - Chairman | - Sh. Praveen Paliwal | Non-Executive &Independent | - Member | - Sh. A.K. Rathore | Non-Executive &Independent | - Member | | | | | | | | | | | | | | | | | | |
| - Sh. G.D. Gupta | Non-Executive &Independent | - Chairman | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| - Sh. Praveen Paliwal | Non-Executive &Independent | - Member | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| - Sh. A.K. Rathore | Non-Executive &Independent | - Member | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (B) Meeting of Audit Committee | 49 II (B) | Yes | During the quarter ended on 30.06.2012, the Meeting of Audit Committee was held on 30.05.2012. In this meeting, the Audit Committee reviewed general working of the Company as a whole and the Committee reviewed the Audited Annual Accounts of the Company for the year ended on 31.03.2012. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (C) Power of Audit Committee | 49 II (C) | Yes | <p>The Audit Committee includes the following powers:</p> <ol style="list-style-type: none"> 1) To investigate any activity within its terms of reference, 2) To seek any information from any employee, 3) To obtain outside legal or other professional advice & 4) To secure attendance of outsiders with relevant expertise, if it considers necessary. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (D) Role of Audit Committee | 49 II (D) | YES | <p>The role of Audit Committee includes the following:</p> <ol style="list-style-type: none"> 1) Reviewing of the company's financial reporting process and 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 auditors and fixation of audit fees. 3) Approval of payment of statutory auditors for any other services rendered by the | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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|---|-----------|-----|---|
| | | | <p>statutory auditors.</p> <p>4) Reviewing with the management, the annual financial statements before submission to the board for approval, with particular reference to:</p> <ul style="list-style-type: none"> - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956. - Changes, if any, in accounting policies and practices and reasons for the same. - Major accounting entries involving estimates based on the exercise of judgment by management. - Significant adjustments made in the financial statements arising out of audit findings. - Compliance with listing and other legal requirements relating to financial statements. - Disclosure of any related party transactions. - Qualifications in the draft audit report. <p>5) Reviewing, with the management, the quarterly financial statement before submission to the Board for approval.</p> <p>6) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control system.</p> <p>7) 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.</p> <p>8) Disclosure with internal auditors any significant findings and follow up thereon.</p> <p>9) 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 system of a material nature and reporting the matter to the board.</p> <p>10) 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.</p> |
| (E) Review of information by Audit Committee | II (E) | Yes | During the last quarter ended on 31.03.2012, the Meetings of Audit Committee was held on 13.01.2012. In the aforesaid meeting of the Audit Committee, the Committee reviewed the unaudited quarterly results of the Company for the quarter ended on 31.12.2011. |
| III. Subsidiary Companies | 49 III | NA | The company has no subsidiary company. |
| IV. Disclosures | 49 IV | | |
| (A) Basis of related party transactions | 49 IV (A) | YES | The details of related party transactions along-with its basis are being placed before the Audit Commit regularly. |
| (B) Board disclosures | 49 IV (B) | YES | The company has laid down the procedures to inform the Board Members about the risk assessment and minimization procedures. These procedures have been reviewed periodically to ensure that executive management controls risk through means of a properly defined framework. |
| (C) Proceeds from public issues, right issues, preferential issues etc. | 49 IV (C) | NA | NA |

| | | | |
|------------------------------------|-----------|-----|--|
| D) Remuneration of Directors | IV (D) | YES | <p>1. All pecuniary relationship or transactions of the non-executive directors vis-à-vis the company has disclosed in the Annual Report for the year 2011-12.</p> <p>2. The following disclosures, if any, on remuneration for the year ended 31.03.2012 has been made in the Annual Report for the year 2011-12:</p> <ul style="list-style-type: none"> - All elements of remuneration package of all the directors; - Details of fixed components & performance linked incentives; - Service contracts, notice period, severance fee (if any) & - Stock option details (if any). <p>3. No other payment is made to the non-executive director except sitting fees for attending the meeting of Board.</p> |
| (E) Management | 49 IV (E) | YES | The requisite information such as opportunities, threats, outlooks, risks, industry etc. are being commented upon in the Director's Report of the Company and the Directors are also briefed on the issues in the Board Meeting. |
| (F) Shareholders | 49 IV (F) | YES | The shareholders shall be / are being duly provided with the details of the directors proposed to be appointed/ re-appointed, if any. The meetings of Share/Debtenture Transfer-cum-Shareholders' / Investors' Grievance Committee were held on the dates given above wherein, inter-alia, a report regarding redressal of grievance, if any, during the quarter ended on 30.06.2012, was tabled and discussed. |
| V. CEO/CFO Certification | 49 V | YES | The requisite certificate was obtained from the CEO/ CFO of the Company under the clause 49 (V) of Listing Agreement at the time of finalization of accounts for the financial year 2011-12. |
| VI. Report on Corporate Governance | 49 VI | YES | The Annual Report includes a separate section on Corporate Governance implemented in the company, giving a detailed compliance report of the various requirements forming part of the Listing Agreement. |
| VII. Compliance | 49 VII | YES | The certificate regarding compliance of conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement from the Auditors of the Company has been annexed with the Directors' Report and the same is a part of the Annual Report for the year 2011-12. |

For PASUPATI SPG & WVG MILLS LTD.,

**REKHA SHARMA
COMPANY SECRETARY**

Dated : July 06, 2012