



Stand by Pump Discharge Line (CW Piping) Tiroda Site

CORPORATE GOVERNANCE REPORT

For the Year ended March 31, 2014
(Pursuant to Clause 49 of the Listing Agreement)

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's Philosophy on Corporate Governance is to achieve Business Excellence, enhance long term values for its stakeholders, maintaining excellent relations across all levels and proper compliance with all applicable legal and regulatory requirements. We believe that Corporate Governance is a journey for constantly improving Sustainable Value creation and through the Governance mechanism in the Company, the Board alongwith its Committees undertake its fiduciary responsibilities to all its stakeholders by ensuring transparency, fairplay and independence in its decision making.

The Company not only adheres to the prescribed Governance practices as per Clause 49 of the Listing Agreement but is constantly striving to adopt emerging best practices. It is our endeavor to achieve higher standards and provide oversight and guidance to management in strategy implementation and risk

management and fulfillment of stated goals and objectives. The Company's philosophy on Corporate Governance is based on the following principles:

- Accountability, Independence, effective internal surveillance, voluntary legal compliance and governing rules and procedures.
- Empowering the management and employees to showcase strength, ownership, innovation and passion to excel and lead.
- Efficient resource management to enhance enterprise value and return on investment.
- Working for the society and community.
- Be transparent and maintain a high degree of disclosure levels.
- Legal and statutory compliances in its true spirit.
- Safeguard integrity in financial reporting.

The company has established systems and procedures to ensure that its Board of Directors is well-informed and



well-equipped to fulfill its overall responsibilities and to provide the management with the strategic direction needed to create long-term shareholder value.

The company recognizes communication as key element in the overall Corporate Governance framework and therefore, emphasizes on keeping abreast its stakeholders including investors, lenders, vendors and customers on continuous basis by effective and relevant communication through Annual Reports, quarterly results, corporate announcements and reflecting the same on the Company's official website i.e. www.raunaqinternational.com.

2. BOARD OF DIRECTORS

Your Company has an optimum combination of Executive and Non-Executive Independent Directors on the Board. As on March 31, 2014, the Board consists of 8 members, the Chairman of the Board is an Executive Director and more than half of the strength of the Board consists of Non-Executive Independent Directors. All Non-Executive Independent Directors bring a wide range of expertise and experience to the Board. The Board believes that the current size of the Board is appropriate based on the Company's present requirements.

A. Board's definition of independent director

Independent director shall mean Non-executive director of the Company who:

- i. apart from receiving the Director's remuneration, does not have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Holding Company, its Subsidiaries and Associates which may affect Independence of the Director;
- ii. is not related to Promoters, Chairman, Director, Managing Director, Whole Time Director, Secretary, CEO or CFO and to any person in the management at one level below the Board;
- iii. has not been an Executive of the company in the immediately preceding three financial years;
- iv. is not a Partner or an Executive or was not Partner or an Executive during the preceding three years, of any of the following:
 - a. the Statutory Audit Firm or the internal audit firm that is associated with the company, and
 - b. the Legal Firm(s) and Consulting Firm(s) that have a material association with the entity.
- v. is not a material supplier, service provider or customer of the Company which may affect independence of the Directors. This includes lessor-lessee type relationships also; and
- vi. is not a substantial shareholder of the Company, i.e. owning two percent or more of the block of voting shares.
- vii. is not less than 21 years of age.

The Board of Directors of the Company has decided that the materiality/significance shall be ascertained on the following basis:

- The concept of 'materiality' is relevant from the total revenue inflow and/or outflow from and/or to a particular individual/body, directly or indirectly, during a particular financial year.
- The term 'material' needs to be defined in percentage. One percent (1 per cent) or more of total turnover of the Company, as per latest audited annual financial statement.

It has been confirmed by all the Independent Directors of the Company that as on March 31, 2014, they fulfill the criteria of being "Independent Director" as stipulated under the Clause 49 of the Listing Agreement.

The **Table-1** gives Composition of the Board, Attendance record of the Directors at the Board Meetings and at the last Annual General Meeting (AGM); Number of their outside Directorships and their Memberships/Chairmanships in Board Committees as on March 31, 2014.

Table-1

S. No	Name of Director(s)	Category	No. of Board Meetings held/attended	Attendance at last AGM	No. of outside Directorships held ^a	No. of Memberships/Chairmanships in Board Committees ^b	
						Member	Chairman
1.	^a Mr. Surinder P. Kanwar	Chairman and Managing Director	4/4	Present	2	2	-
2.	^a Mr. Sachit Kanwar	Joint Managing Director	4/4	Present	1	1	-
3.	^b Mr. P.K. Mittal	Non-Executive Independent Director	4/4	Present	1	1	1
4.	Dr. Sanjeev Kumar	Non-Executive Independent Director	4/3	Present	3	1	2
5.	Mr. V.K. Pargal	Non-Executive Independent Director	4/4	Present	2	3	-
6.	Mr. Gautam Mukherjee	Non-Executive Independent Director	4/4	Present	1	1	-
7.	Mr. N.V. Srinivasan	Non-Executive Director	4/3	Present	-	-	-
8.	Mr. Satya Prakash Mangal	Non-Executive Independent Director	4/4	Present	-	1	-



^AExcluding directorship in Private Companies, Alternate Directorship, Companies registered under Section 25 of the Companies Act, 1956 and Foreign Companies.

^BFor the purpose of considering the limit of the Committees on which a Director can serve, all Public Limited Companies, whether listed or not, are included and all other Companies including Private Companies, Foreign Companies and the companies under Section 25 of the Companies Act, 1956 are excluded. Further, it includes Membership/Chairmanship of Audit Committee and Shareholders'/Investors' Grievance Committee only. None of the Directors of your company is a Member of more than ten (10) Committees or is the Chairman of more than five (5) committees across all Public Limited Companies in which they are Directors. The Membership/Chairmanship also includes Membership/Chairmanship in Raunaq International Limited.

^CMr. Surinder P. Kanwar is the father of Mr. Sachit Kanwar. Mr. Sachit Kanwar has been appointed as Joint Managing Director w.e.f. June 01, 2011.

^DMr. P.K. Mittal is also providing consultancy service to the Company in his individual capacity. Professional fees paid to him for the year 2013-2014 is Rs. 60,000/-. The Board is of the opinion that such payments in the context of overall expenditure by the Company, is not significant and does not affect his independence.

No Non-Executive Director has any pecuniary relationships/transactions vis-à-vis the Company (other than the sitting fees for attending the Board/Committee meetings).

B. Board Meetings

During the financial year 2013-14, Four (4) Board Meetings were held on the following dates. The gap between any two meetings was not more than four (4) months as mandated in Clause 49 of the Listing Agreement:-

- 23rd May, 2013;
- 30th July, 2013;
- 29th October, 2013 and
- 31st January, 2014

C. Information supplied to the Board

The Board has complete access to all information with the company. The information is provided to the Board on regular basis and the agenda papers for the

meetings are circulated in advance of each meeting. The information supplied to the Board includes the following, to the extent applicable during the year as per Clause 49 of Listing Agreement.

- Annual Operating Plans and Budgets and any updates.
- Capital budgets and any updates
- Quarterly, Half Yearly and Yearly Results of the Company.
- Minutes of the Meetings of Audit Committee and other Committees of the Board.

The Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company along with the declaration made by all the respective departmental heads and by the Chairman & Managing Director regarding compliance with all applicable laws.

3. BOARD COMMITTEES

A. Audit Committee

i. Constitution and Composition

The "Audit Committee" comprises of the following four (4) Non-Executive and Independent Directors, who have financial/accounting acumen to specifically look into internal controls and audit procedures. All the members are financially literate and have accounting and financial management expertise. The **Table 2** gives the composition of the Audit Committee and the attendance record of members of the Committee::

Table 2

S. No.	Name of Member	Designation	No. of meetings Held/Attended
1.	Dr. Sanjeev Kumar	Chairman	4/3
2.	Mr. P.K. Mittal	Member	4/4
3.	Mr. V.K.Pargal	Member	4/4
4.	Mr. Satya Prakash Mangal	Member	4/4

In addition to the Members of the Audit Committee, the Chief Executive Officer, Vice President (Finance & Accounts), Internal Auditors, Statutory Auditors attended the meetings of the Committee as invitees. Members held discussions with Statutory Auditors during the meetings of the Committee. The Audit



Committee reviewed the quarterly, half-yearly and year to date un-audited and annual audited financials of the company before submission to the Board of Directors for their consideration and approval. The Committee also reviewed the internal control systems and internal audit reports.

The Chairman of the Committee was present at the last Annual General Meeting to answer the shareholders' queries.

Mr. Kaushal Narula, Company Secretary of the Company acted as Secretary to the Audit Committee Meetings as aforesaid.

II. Audit Committee Meetings

During the year, four (4) meetings of the Audit Committee were held on the following dates:

- 23rd May, 2013;
- 30th July, 2013;
- 29th October, 2013 and
- 31st January, 2014

III. Powers of Audit Committee

The Audit Committee has been empowered with the adequate powers as mandated in the Clause 49 of the Listing Agreement, which includes the following:

1. To investigate any activity within its terms of reference.
2. To seek 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.

IV. Role of Audit Committee

The role of the Audit Committee includes 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 (2AA) of section 217 of the Companies Act, 1956.
 - 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.
 - g. Qualifications in the Draft Audit Report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- 5A. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
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.



8. Discussion with Internal Auditors any significant findings and follow up there on.
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 systems of a material nature and reporting the matter to the Board.
10. Discussion with Statutory Auditors before the Audit commences, about the nature and scope of Audit as well as Post-Audit discussion to ascertain any area of concern.
11. 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.
12. To review the functioning of the Whistle Blower mechanism existing in the Company.
- 12A. 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 & background, etc. of the candidate.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee may also review such matters as may be referred to it by the Board or which may be specified as role of the Audit Committee under amendments, if any, from time to time, to the Listing Agreement, Companies Act and other Statutes.
- V. Review of Information by Audit Committee

The Audit Committee reviews the following information:

 1. Management Discussion and Analysis of financial condition and results of operations;
 2. Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by Management;
 3. Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
 4. Internal Audit Reports relating to internal control weaknesses; and
 5. The appointment, removal and terms of remuneration

of the Chief Internal Auditor shall be subject to review by the Audit Committee.

B. Remuneration Committee

i. Constitution and Composition

In terms of the non-mandatory requirement of Clause 49 of the Listing Agreement and Schedule XIII of the Companies Act, 1956, the "Remuneration Committee" was constituted on 23rd March, 2009. The said Committee has been empowered to consider, approve and recommend the remuneration of the Whole Time Director/Managing Director.

Pursuant to Schedule XIII of the Companies Act, 1956 as amended upto date, in case of no profits or inadequate profits, the Remuneration Committee has been empowered to consider, approve and recommend the remuneration of Whole Time Director/Managing Director.

The **Table-3** gives the composition of the Remuneration Committee:-

Table-3

S.No.	Name of Member	Designation
1.	Dr. Sanjeev Kumar	Chairman
2.	Mr. P.K. Mittal	Member
3.	Mr. Gautam Mukherjee	Member

Dr. Sanjeev Kumar, Mr. P.K. Mittal and Mr. Gautam Mukherjee are Non-Executive Independent Directors of the company.

During the Financial Year 2013-14, No meeting of Remuneration Committee was convened.

The Chairman of the Remuneration Committee was present at the last Annual General Meeting, to answer the shareholders' queries.

The remuneration policy of the Company is based on criteria such as industry benchmarks, the Company's performance vis-à-vis the industry, responsibilities shouldered, performance/track record, macro economic review on remuneration packages of heads of other organizations with a need to attract the best available talent.



In terms of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement, the Company has formulated a Nomination and Remuneration Committee in place of Remuneration Committee with revised terms of Reference on May 07, 2014 through a Circular Resolution of the Board of Directors of the Company.

C. Shareholders'/Investors' Grievance Committee

The "Shareholders'/Investors' Grievance Committee" has been empowered to look into the Shareholders'/Investors' grievances i.e Non-receipt of Annual Reports, Dividend payments, other miscellaneous complaints and redressal of the same. The said Committee is also authorised to effect transfers/transmissions of Equity Shares/Debentures and other securities and also to issue Duplicate Share Certificates and other securities and matters related or incidental thereto.

The **Table-4** gives the composition of the Shareholders'/Investors' Grievance Committee.

Table-4

S.No.	Name of Member	Designation
1.	Mr. P.K. Mittal	Chairman
2.	Mr. Surinder P. Kanwar	Member
3.	Mr. Sachit Kanwar	Member

Mr. P.K. Mittal is Non-Executive Independent Director. Mr. Surinder P. Kanwar is the Chairman & Managing Director and Mr. Sachit Kanwar is Joint Managing Director of the company.

During the Financial Year 2013-14, No meeting of Shareholders'/Investors' Grievance Committee was convened.

I. Sub-Committee

In order to have speedy disposal of the Shareholders'/Investors' requests for transfer and transmission, a Sub-Committee consisting of the following Directors/Officers of the Company is in place for effecting transfer/transmission/split/consolidation of shares.

The Sub-Committee has also been empowered to

approve the issue of Duplicate Share Certificates representing upto 500 Equity shares of the Company in lieu of those which are reported to be lost/misplaced by the shareholders upon the execution of the requisite Indemnity and other related documents.

- a. Mr. Surinder P. Kanwar, Chairman and Managing Director
- b. Mr. Sachit Kanwar, Joint Managing Director
- c. Mr. P.C. Kothari, Vice President (Finance and Accounts)
- d. Mr. Prashant Khattry, Head (Secretarial)
- e. Mr. Kaushal Narula, Company Secretary

Any two of the above are authorised to consider and approve the transfer/transmission/split/consolidation of shares and to approve the issue of Duplicate Share Certificate(s) representing upto 500 Equity Shares of the Company. The Sub-Committee is attending to above said formalities at least once in a fortnight.

The nomenclature of Shareholders'/Investors' Grievance Committee and Sub-Committee of the Shareholders'/Investors' Grievance respectively has been changed to Stakeholders' Relationship Committee and Sub-Committee of Stakeholders' Relationship Committee w.e.f. 30th May, 2014.

D. Finance Committee

The "Finance Committee" of the Board of Directors of the Company is in existence which has been empowered to take care of the financing and other day to day requirements of the Company. The said Committee is authorised to borrow monies, make loans, issue Shares etc. and matters related or incidental thereto.

The **Table-5** gives the composition of the Finance Committee:

Table-5

S.No.	Name of Member	Designation
1.	Mr. P.K. Mittal	Chairman
2.	Mr. Surinder P. Kanwar	Member
3.	Mr. Sachit Kanwar	Member
4.	Dr. Sanjeev Kumar	Member

Mr. P.K. Mittal and Dr. Sanjeev Kumar are the Non-Executive Independent Directors, Mr. Surinder P. Kanwar is Chairman & Managing Director and



Mr. Sachit Kanwar is Joint Managing Director of the Company.

During the Financial Year 2013-14, the Committee met 3 (Three) times on 10th September, 2013, 13th January, 2014 and on 10th March, 2014 respectively and considered the matters as aforesaid in the normal course of business.

E. Share Issue Committee

The "Share Issue Committee" of the Board of Directors of the Company is in existence which has been empowered to approve the issue and allotment of the Equity Shares under the Preferential Issue and Bonus Issue of shares, Debentures and Securities etc.

The **Table-6** gives the composition of the Share Issue Committee:

Table-6

S.No.	Name of Member	Designation
1.	Dr. Sanjeev Kumar	Chairman
2.	Mr. Surinder P. Kanwar	Member
3.	Mr. Sachit Kanwar	Member
4.	Mr. P.K. Mittal	Member

Dr. Sanjeev Kumar and Mr. P.K. Mittal are the Non-Executive Independent Directors, Mr. Surinder P. Kanwar is Chairman & Managing Director and Mr. Sachit Kanwar is Joint Managing Director of the Company.

During the Financial Year 2013-14, the Committee met 1 (One) time on 5th April, 2013 to consider and approve the Bonus Issue of Equity Shares of the Company and allied deeds & things.

4. Subsidiary Companies

Your Company has a 100% wholly owned subsidiary Xlerate Driveline India Limited (XDIL).

In terms of Clause 49(III) of the Listing Agreement, XDIL is "material non-listed Indian subsidiary Company" of the Company in the preceding financial year 2012-2013.

The Company has complied with the following requirements mandated in Clause 49(III) of the Listing Agreement.

1. Dr. Sanjeev Kumar and Mr. V.K. Pargal, Non-Executive Independent Directors of the Company are also the Non-Executive Independent Directors on the Board of Xlerate Driveline India Limited (XDIL).

2. The Audit Committee periodically reviews the financial statements, in particular, the investments made by Xlerate Driveline India Limited (XDIL).

3. The minutes of the Board Meetings of Xlerate Driveline India Limited (XDIL) are placed before the Board. The management periodically notifies to the Board of all significant transactions and arrangements entered into by the Xlerate Driveline India Limited (XDIL).

"Significant Transaction or Arrangement" shall mean any individual transactions or arrangements that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

5. COMPLIANCE OFFICER

Mr. Kaushal Narula, Company Secretary is the Compliance Officer of the Company.

6. DIRECTORS

Re-Appointment of existing Non-Executive Rotational Directors

As required under Clause 49 of the Listing Agreement, the information or details pertaining to the Directors seeking appointment/re-appointment in the ensuing Annual General Meeting are furnished below.

The **Table-7** gives the information pertaining to the Non-Executive Independent Directors who are to be appointed in terms of the provisions of Section 149 of Companies Act, 2013 in the forthcoming Annual General Meeting:

Table-7

S. No.	Particulars of Directors
1	<p>Mr. V.K. Pargal, Director</p> <p>Brief Resume: Mr. V.K. Pargal, aged 81 Years is a Non-Executive Independent Director of the Company since 22nd July, 2010. He is a qualified Chartered Engineer from England. Presently, he is also managing a consultancy Company specializing in Business Strategies and Structures and he holds the Directorship in</p>



	Pargal Consultants Private Limited. He is the member of Audit Committee of Raunaq International Limited. As on 31 st March, 2014, he does not hold any Share in the Company.
2	<p>Mr. Satya Prakash Mangal</p> <p>Brief Resume: Mr. Satya Prakash Mangal, aged 54 years is a Non-Executive Independent Director of the Company since 2nd November, 2011. He is a practicing Chartered Accountant, founder partner M/s Satya Prakash Mangal & Co. based at New Delhi. He is also a Director on the Board of few private limited Companies. He has also served in various Companies as Member/Chairman of various Board Committees. He is the member of Audit Committee of Raunaq International Limited. He has rich experience in the matters related to Company Law, Income Tax, Project Appraisal, Management Audit, Risk Management etc. As on 31st March, 2014, he does not hold any Share in the Company.</p>

7. GENERAL BODY MEETINGS

The last three Annual General Meetings of the company were held as detailed below:

Annual General Meetings

Financial Year	Venue	Date & Time	Special Resolution(s) Passed
2012-2013	HUDA Convention Centre, Sector - 12 Faridabad-121007, (Haryana)	30.07.2013 11.30 A.M.	No
2011-2012	Faridabad Industries Association, FIA House, Bata Chowk, Faridabad-121001 (Haryana)	25.07.2012 11.30 A.M.	No
2010-2011	Faridabad Industries Association, FIA House, Bata Chowk, Faridabad-121001 (Haryana)	25.07.2011 11.30 A.M.	Yes Appointment of Mr. Sachit Kanwar as Joint Managing Director for a period of five (5) years

Extra- Ordinary General Meetings

No Extraordinary General Meeting of the Company was held during the Financial Year ended 31st March, 2014.

Postal Ballot

During the Financial Year 2013-2014, the Company has obtained the approval of its members under Section 81 of the Companies Act, 1956 read with SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 for the capitalization of the portion of General Reserves of the Company by issuing Bonus Shares to the Shareholders of the Company by passing a resolution as Special Resolution through Postal Ballot in accordance with the procedure prescribed in terms of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2011. Mr. Sachit Kanwar, Joint Managing Director and Mr. Kaushal Narula, Company Secretary of the Company were authorised by the Board of Directors of the Company to conduct the Postal Ballot Process and Mr. Tanuj Vohra of M/s. Tanuj Vohra & Associates, Company Secretaries, New Delhi, was appointed as the Scrutinizer by the Board to conduct the said Postal Ballot Process in fair and transparent manner.

The result of voting, conducted through Postal Ballot for passing of the Special Resolution in terms of Article 141 of the Articles of Association (AOA) of the Company, for the Issue of Equity Shares of the Company under Bonus Issue by way of capitalizing the funds out of General Reserves of the Company thereof had been announced by the Joint Managing Director on 10th May, 2013 and the same is reproduced herein below:

Particulars	No. of postal Ballot forms	No. of shares	% of total Paid Up Equity Capital
Total Postal Ballot forms received	06	8,91,640	66.67%
Less : Invalid Postal Ballot forms (as per register)	NIL	NIL	NIL
Net valid Postal forms (as per register)	06	8,91,640	66.67%
Postal Ballot forms with assent for the resolution	06	8,91,640	66.67% (representing 100% votes cast in favour of resolution)
Postal Ballot forms with dissent for the resolution	NIL	NIL	NIL

No special resolution is proposed to be conducted through Postal Ballot.



8. DISCLOSURES

A. Basis of Related Party Transactions

During the year 2013-14, there were no:-

- Material individual transactions with related parties which are not in the normal course of business.
- Material individual transactions with related parties or others, which are not on arm's length basis.

The statements in summary form of transactions with Related Parties in the ordinary course of business are placed periodically before the Audit Committee for its consideration and review. All disclosures related to financial and commercial transactions where Directors are interested are provided to the Board and the interested Directors do not participate in the discussion nor do they vote on such matters. The details of the Related Party Transactions during the year are given in the Notes forming part of financial statements.

B. Disclosure of Accounting Treatment in preparation of Financial Statements

Raunaq International Limited has followed the guidelines of Accounting Standards as mandated by the Central Government in preparation of its financial statements.

C. Risk Management Framework

The Company has in place mechanisms to inform Board Members about the risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly defined framework.

A detailed note on Risk Management is given in the Management Discussion and Analysis section forming part of the Directors Report.

D. Compliance by the Company

There were no instances of any non – compliance by the Company nor any penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any other Statutory Authority on any matter related to the Capital Markets, during the last three years.

E. Management

Management Discussion and Analysis forms part of the Annual Report to the Shareholders for the Financial Year 2013-2014.

F. Whistle Blower

The Company has established an effective mechanism called Whistle Blower Policy (Policy) which is available at the Company's website www.raunaqinternational.com. The mechanism under the Policy has been appropriately communicated within the organisation. The purpose of this policy is to provide a framework to promote responsible whistle blowing by employees. It protects employees wishing to raise a concern about serious irregularities, unethical behaviour, actual or suspected fraud within the Company by reporting the same to the Audit Committee or the Compliance officer in writing.

During the year, no unethical behavior has been reported. Further, the Company has not denied any personnel access to the Audit Committee and it will provide protection to Whistle Blower, if any, from adverse personnel action.

G. Remuneration of Directors for 2013-2014

(₹ in lacs)

Name of Members	Sitting Fees	Salaries and Perquisites	Total
Dr. Sanjeev Kumar	0.90	Nil	0.90
Mr. V.K. Pargal	0.90	Nil	0.90
Mr. P.K. Mittal	1.12	Nil	1.12
Mr. Gautam Mukherjee	0.45	Nil	0.45
Mr. N.V. Srinivasan	0.34	Nil	0.34
Mr. Satya Prakash Mangal	0.90	Nil	0.90
		Sub-Total (A)	4.61
Mr. Surinder P. Kanwar, Chairman & Managing Director	Nil	<ul style="list-style-type: none"> • Salary • Contribution to provident and other funds (*) • Monetary value of perquisites (**) 	0.00 - -
Mr. Sachit Kanwar, Joint Managing Director	Nil	<ul style="list-style-type: none"> • Salary and allowances • Contribution to provident and other funds (*) • Monetary value of perquisites (**) 	58.00 12.24 2.41
		Sub-Total (B)	72.65
		Grand Total	77.26

*Excludes provision for gratuity which is determined on the basis of actuarial valuation done on an overall basis for the Company.

**Excludes provision for compensated absences which is made based on the actuarial valuation done on an overall basis for the Company.

@Token remuneration of Re 1/- per month.

There is no notice period or severance fee in respect of



appointment of any of the above Managerial Personnel. Neither Mr. Surinder P. Kanwar nor Mr. Sachit Kanwar is entitled for any performance linked incentives and the Company does not have any Stock Option Scheme.

H. CEO/CFO certification

Certificate from Mr. Surinder P. Kanwar, Chairman and Managing Director and Mr. P.C. Kothari, Vice President (Finance & Accounts) in terms of Clause 49 (V) of the Listing Agreement with the Stock Exchange for the Financial Year ended 31st March, 2014 was placed before the Board of Directors of the Company in its meeting held on 30th May, 2014.

I. Code of Conduct and Corporate Ethics

- Code of Business Conduct and Ethics

Raunaq International Limited believes that Good Corporate Governance is the key to the Conduct of Company's Business in a transparent, reliable and vibrant manner. It is of paramount importance for any Company to create an atmosphere of faith, integrity, accountability, responsibility and financial stability by adhering to commitment, ethical business conduct, a high degree of transparency thereby unlocking the individual intellectual capabilities and enabling its Board of Directors to conduct its duties under a moral authority, which ultimately leads to enhance legitimate needs and value of the stakeholders. A copy of this code has been posted at Company's official website i.e. www.raunaqinternational.com

- Code of Conduct for Prevention of Insider Trading

The Company has a comprehensive Code of Conduct for its Management, Staff and Directors for prevention of Insider Trading in compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992 and SEBI (Prohibition of Insider Trading) Amendment Regulations, 2011. The code lays down the guidelines and procedures to be followed and disclosures to be made while dealing with the Shares of the Company and cautioning them on the consequences of non-compliances. The pieces of the price sensitive information are disseminated to the Stock Exchanges timely, adequately and promptly on continuous basis for prevention of Insider Trading. The Company Secretary has been appointed as

Compliance Officer and is responsible for adherence to Code for prevention of Insider Trading. A copy of same has been posted at the official website of the Company i.e. www.raunaqinternational.com.

J. Mandatory Requirements

The Company has complied with all the mandatory requirements of Clause 49 of Listing Agreement entered into with Stock Exchanges. Details of compliances are given below:

	Particulars	Clause of Listing Agreement	Compliance status
I.	Board of Directors	49(I)	Yes
(A)	Composition of Board	49(IA)	Yes
(B)	Non-executive directors compensation and disclosure	49(IB)	Yes
(C)	Other provisions as to Board and committees	49(IC)	Yes
(D)	Code of Conduct	49(ID)	Yes
II.	Audit Committee	49(II)	Yes
(A)	Qualified and independent Audit Committee	49(IIA)	Yes
(B)	Meeting of Audit Committee	49(IIB)	Yes
(C)	Power of Audit Committee	49(IIC)	Yes
(D)	Role of Audit Committee	49(IID)	Yes
(E)	Review of information by Audit Committee	49(IIE)	Yes
III.	Subsidiary Companies	49(III)	Yes
IV.	Disclosures	49(IV)	Yes
(A)	Basis of related party transaction	49(IVA)	Yes
(B)	Disclosure of accounting treatment	49(IVB)	N.A.
(C)	Board disclosures	49(IVC)	Yes
(D)	from public issues, right issues, preferential issues etc.	49(IVD)	N.A.
(E)	Remuneration of directors	49(IVE)	Yes
(F)	Management	49(IVF)	Yes
(G)	Shareholders	49(IVG)	Yes
V.	CEO/CFO Certification	49(V)	Yes
VI.	Report on Corporate Governance	49(VI)	Yes
VII.	Compliance	49(VII)	Yes

K. Non-Mandatory Requirements

The Company has set up a Remuneration Committee, Finance Committee and Share Issue Committee details whereof are given in the Board Committee section of this report. The Company has also adopted a Whistle Blower Mechanism.

L. Means of Communication

The Quarterly, Half Yearly and Annual Financial Results



during the year were published by the Company as under:

Financial Results	Name(s) of Newspapers	Date(s) of Publication
Quarter/Year ended 31 st March, 2013	The Financial Express#, Jansatta (Hindi)##	24 th May, 2013
Quarter ended 30 th June, 2013	The Financial Express#, Jansatta (Hindi)##	31 st July, 2013
Quarter/Half Year ended 30 th September, 2013	The Financial Express#, Jansatta (Hindi)##	30 th October, 2013
Quarter ended 31 st December, 2013	The Economic Times* The Financial Express#, Jansatta (Hindi)##	1 st February, 2014

The Financial Express- New Delhi/Mumbai Editions

Jansatta (Hindi)-New Delhi Edition

* The Economic Times- New Delhi/Mumbai Editions

In addition to the above, the quarterly/half yearly and the annual financial results and official releases, if any, are also displayed under the "Investors" section on the Company's official website i.e. www.raunaqinternational.com for the information of all the shareholders.

Also, the Quarterly Corporate Governance Report and Shareholding Pattern of the Company as mandated under Clause 49 and Clause 35 of the Listing Agreement respectively are filed w.e.f. quarter ended March 31, 2014 with BSE Limited through "BSE Listing Centre" pursuant to the listing of Equity Shares of the Company on BSE Limited on 21st March, 2014.

Further, any interviews given by Company Executives /Management during the year are also displayed on the Company's official website i.e. www.raunaqinternational.com.

Besides the above, no other presentations were made to any institutional investor or to the analysts.

9. GENERAL SHAREHOLDERS' INFORMATION

A. Annual General Meeting Details:

The forthcoming AGM of the Company shall be held at 11.30 A.M. on Friday, the 29th day of August, 2014 at HUDA Convention Centre, Sector - 12, Faridabad - 121007, (Haryana).

B. Financial Year:

Financial year of the Company commences on 1st April and ends on 31st March. The four Quarters of the Company end on 30th June; 30th September; 31st December and 31st March respectively.

C. Date of Book Closure:

26th August, 2014 to 29th August, 2014 (both days inclusive).

D. Dividend Payment Date:

The dividend will be paid on or before 25th September, 2014.

E. Listing on Stock Exchanges and Stock Code:

The Shares of the Company are listed on the following Stock Exchange:

- Delhi Stock Exchange Limited [DSE]
 - BSE Limited [BSE]
- (Stock Code: 537840)

The Annual Listing Fees for the year 2014-2015 has been paid in advance to the aforesaid Stock Exchanges.

F. Market Price Data:

The trading activity at DSE is currently inactive. Therefore, the market price data of Equity Shares of the Company listed on Delhi Stock Exchange (DSE) is not available.

The Equity Shares of the Company are listed on BSE Limited (BSE) w.e.f. 21st March, 2014. The High and Low prices of the month of March for the Financial Year 2013-2014 on BSE Limited (BSE) are as under:

The Closing Price represents the price on the last trading day of month of March for Financial Year 2013-2014.

Month	High (₹) BSE	Low (₹) BSE	Closing (₹) BSE
March	340.00	237.55	237.55

G. Registrar and Transfer Agent:

Link Intime India Private Limited (Formerly known as Intime Spectrum Registry Limited) is the Registrar and Transfer agent for handling both the share registry work relating to shares held in physical and electronic form at single point. The Share Transfers were duly registered and returned in the normal course within stipulated period, if the documents were clear in all respects.

The Shareholders are therefore advised to send all their correspondences directly to the Registrar and Transfer Agent of the Company at the below mentioned address:

Link Intime India Private Limited
44 Community Centre, 2nd Floor
Naraina Industrial Area, Phase- 1
Near Pvr Naraina
New Delhi - 110028
Phone Nos: 011-41410592-94
Fax No.: 011-41410591
E-mail: delhi@linkintime.co.in



However, for the convenience of Shareholders, correspondences relating to Shares received by the company are forwarded to the Registrar and Transfer Agent for action thereon.

H. Share Transfer System:

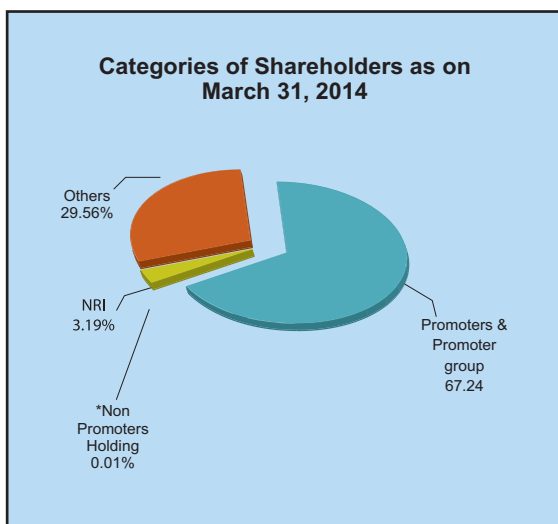
The Shares are accepted for registration of transfer at the Registered Office of the Company in addition to the office of Registrar and Transfer Agent (RTA), Link Intime India Private Limited. Link Intime India Private Limited is fully equipped to undertake the activities of Share Transfers and redressal of Shareholders grievances.

In order to have speedy disposal of the shareholders'/investors' requests for transfer and transmission, a sub-committee consisting of the Directors/Officers of the Company is in place for effecting Transfer/Transmission/Split/Consolidation of Shares as detailed in Point 3 (C)(I) "Sub Committee" of this report.

After approved by the Sub-Committee, the Share Transfers are effected by the Registrar and Transfer Agent of the Company.

As per the requirements of Clause 47(c) of the Listing Agreement with the Stock Exchange, the Company has obtained the Half Yearly Certificates from a company Secretary in Practice for due compliance of Share Transfer formalities.

I. Shareholding pattern of the Company as per category of shareholders as on March 31, 2014:



***Non Promoters Holdings are Negligible**

	Category	No. of Shares Held	% age of Shareholding
A. Promoters' holding	1. Promoters		
	- Indian Promoters	21,05,330	62.97
	- Foreign Promoters	-	-
	2. Persons acting in Concert	1,42,625	4.27
B. Non-Promoters' Holding	3. Institutional Investors		
	a. Mutual Funds and Unit Trust of India	-	-
	b. Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/ Non -Govt. Institutions)	217	0.01
	c. Foreign Institutional Investor	-	-
	4. Others		
	a. Private Corporate Bodies	1,31,232	3.93
	b. Indian Public	8,16,518	24.42
	c. Non Resident Indians / Overseas	1,06,811	3.19
	d. Any Other	40,510	1.21
		Total	33,43,243

J. Distribution of Shareholding as on March 31, 2014:

No. of Equity shares held	Number of Shareholders	Number of Shares	%age to total shares
Up to 250	827	11696	0.35
251 to 500	192	83318	2.49
501 to 1000	116	97684	2.92
1001 to 2000	53	85668	2.56
2001 to 3000	17	40964	1.23
3001 to 4000	4	15250	0.46
4001 to 5000	16	72497	2.17
5001 to 10000	15	119423	3.57
10001 and above	24	2816743	84.25
Total	1264	33,43,243	100.00

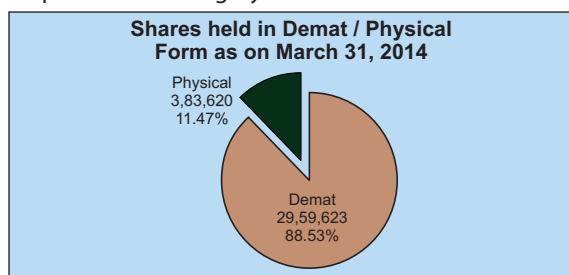
K. Share Dematerialisation System:

The requests for dematerialisation of shares are processed by Registrar & Transfer Agent (RTA) expeditiously and the confirmation in respect of dematerialisation is entered by RTA in the depository system of the respective depositories by way of electronic entries for dematerialisation of shares generally on weekly basis. In case of rejections the documents are returned under objection to the Depository Participant with a copy to the shareholder and electronic entry for rejection is made by RTA in the Depository System.



L. Dematerialization of Shares:

The Company provides demat facility. Members who are still holding physical share certificates are advised that it is in their own interest to dematerialise their shareholding to avail benefits of dematerialisation viz. easy liquidity, electronic transfer, savings in stamp duty and prevention of forgery.



As on 31st March, 2014 a total of 29,59,623 equity shares of the Company of ₹ 10/- each, which form 88.53% of the paid up Equity Share Capital, stand dematerialized.

PARTICULARS					
DEMAT				PHYSICAL	
NSDL		CDSL			
No. of shares	%	No. of shares	%	No. of shares	%
27,70,924	82.88	1,88,699	5.65	3,83,620	11.47

Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity: Not Applicable

M. Unclaimed Shares in Physical Mode:

As per Clause 5A of the Listing Agreement, there are no unclaimed shares in the company.

N. Corporate Benefits:

Dividend History:

Dividend on Equity Shares

Financial Year	Rate (%)	Amount (₹ in Lacs)
2013-2014	12	40.12
2012-2013	10	13.37
2011-2012	22	29.42
2010-2011	22	29.19
2009-2010	22	14.60

O. Office locations:

The Company's Registered Office is located at 20 K.M., Mathura Road, P.O. Amar Nagar, Faridabad, Haryana, Pin-121 003.

P. Addresses for Correspondence:

For Share transfer/demat/remat of shares or any other query relating to shares:

Link Intime India Private Limited, 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase- I, Near PVR Naraina, New Delhi -110 028.

Phone: 011-41410592-94, Email: delhi@linkintime.co.in

For Investor Assistance:-

- Mr. Kaushal Narula, Company Secretary, Raunaq International Limited, 20 K.M. Mathura Road, P. O. Amar Nagar, Faridabad – 121 003
Phone: 0129-4288888, Fax No. 0129-4288822-23
Email: kaushal@raunaqintl.com

Q. Email for investors:

The Company has designated secretarial@raunaqintl.com as email address especially for investors' grievances.

SEBI has commenced processing of investor complaints in a centralised web based complaints redress system i.e. SCORES. The Company has supported SCORES by using it as a platform for communication between SEBI and the Company.

R. Nomination facility:

The Shareholders holding Shares in physical form may, if they so want, send their nominations in prescribed Form SH-13 of the Companies (Share Capital and Debentures) Rules, 2014 (which can be obtained from the Company's RTA or downloaded from the Company's Website (http://raunaqinternational.com/pdf/form_sh_13_nomination.pdf) to the Company's RTA. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility.

S. Updation of Shareholders information:

The Shareholders of the Company are requested to intimate their latest Residential Address along with the details of their Shareholding in "Updation of Shareholder's Information Form" (which can be obtained from the Registered Office of the Company or downloaded from the Company's Website <http://raunaqinternational.com/pdf/proforma-for-updation-of-shareholders-information.pdf>). The duly filled form for Updation of information may either be sent to the Company at its Registered Office or be hand-delivered at the Annual General Meeting of the Company.

On Behalf of the Board of Directors

**Surinder P. Kanwar
Chairman and Managing Director**

Dated: 30 May, 2014
Place: New Delhi



COMPLIANCE CERTIFICATE AS PER CLAUSE 49(V) OF THE LISTING AGREEMENT

We have reviewed financial statements and the cash flow statement for the year 2013–2014 and that to the best of our knowledge and belief:

- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- 2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- 3) No transaction entered into by the Company during the above said period, which is fraudulent, illegal or violative of the Company's Code of Conduct.

Further, we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial statements and we have disclosed to the Auditors and the Audit Committee, wherever applicable:

- 1) Deficiencies in the design or operation of internal controls, if any, which came to our notice and the steps we have taken or propose to take to rectify these deficiencies;
- 2) Significant changes in internal control over financial reporting during the year 2013–2014;
- 3) Significant changes in accounting policies during the year 2013–2014 and that the same have been disclosed in the notes to the financial statements;
- 4) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Raunaq International Limited**

P.C. Kothari
Vice President
(Finance & Accounts)

Surinder P. Kanwar
Chairman and
Managing Director

Place: New Delhi
Date: May 30, 2014

COMPLIANCE WITH CODE OF CONDUCT

The Company has adopted "Code of Business Conduct and Ethics". This code deals with the 'Good Governance and ethical Practices', which the Company, the Board members and the Senior Management of the Company are expected to follow.

It is hereby affirmed that during the year 2013-2014, all the Directors and Senior Managerial personnel have complied with the Code of Conduct and have given a confirmation in this regard.

For **Raunaq International Limited**

Kaushal Narula
Company Secretary

Surinder P. Kanwar
Chairman and
Managing Director

Place: New Delhi
Date: May 30, 2014



CERTIFICATE

To
The Members of Raunaq International Limited

We have examined compliance of conditions of Corporate Governance by Raunaq International Limited (the Company), for the year ended on March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliances with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreement. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **V.P. Jain & Associates**
Chartered Accountants
(Registration No. 015260N)

V.P. Jain
Partner

(Membership No. 81514)

Date: May 30, 2014
Place: New Delhi



Front View of CW Pump House (DVC-Raghnathpur)