

Quarterly Compliance Report on Corporate Governance

Name of the Company: **RAUNAQ INTERNATIONAL LIMITED**
 Quarter ended on : **JUNE 30, 2014**

| PARTICULARS | CLAUSE OF LISTING AGREEMENT | COMPLIANCE STATUS (YES/NO) | REMARKS |
|---|-----------------------------|----------------------------|--|
| 1 | 2 | 3 | 4 |
| I. Board of Directors | 49 I | YES | |
| (A) Composition of Board | 49 (IA) | YES | Total Strength of the Board - 8 Chairman - Executive Executive Directors - 2 (including Chairman) Non - Executive Directors - 6 Independent Directors - More than ½ of total strength |
| (B) Non Executive Directors' Compensation & disclosures | 49 (IB) | YES | Apart from receiving sitting fees for attending the Board/Committee meetings, no Non-Executive Director has any pecuniary relationships or transactions with the Company. However, the details of appointment and remuneration of the Executive Directors is as per the following: 1. Mr. Surinder P. Kanwar, had been re-appointed as Chairman & Managing Director of the Company for a period of 5 (five) years w.e.f 1 st October, 2012 at the Annual General Meeting held on 25 th July, 2012 on a token remuneration of Rupee One per month. 2. Mr. Sachit Kanwar had been appointed as Joint Managing Director in the Annual General Meeting held on July 25, 2011 for a period of 5 (five) years w.e.f June 1, 2011. The remuneration payable to Mr. Sachit Kanwar for a period of 3 (three) years w.e.f 1 st June, 2011 had been approved by the members in the Annual General Meeting held on July 25, 2011 and further approved by the Central Government vide its order No. B10414062/4/2011- CL.VII dated September 29, 2011. The Company is paying minimum remuneration as per Schedule V of the Companies Act, 2013 to Mr. Sachit Kanwar, Joint Managing Director w.e.f 1 st June, 2014. |
| (C) Other provisions as to Board and Committee | 49 (IC) | YES | During the quarter ended June 30, 2014, one Board meeting has been held on May 30, 2014. None of the members of the Board is a member in more than 10 mandatory committees or Chairman in more than 5 mandatory committees. |
| (D) Code of Conduct | 49 (ID) | YES | The Code of Conduct has been framed and the same is posted on the Company's website. The Board of Directors and senior members have already been affirming to the Code of Conduct. Further, the Annual Report of the Company for the year 2012-13 contains a declaration to this effect, signed by the Chairman & Managing Director and the Company Secretary. |
| II. Audit Committee | 49 II | YES | |
| (A) Qualified & Independent Audit Committee | 49 (II A) | YES | Members - 4 Directors Non - Executive Directors - 4 (All) Independent Directors - 4 (All) Financial Literate - 4 (All) Financial Management Expertise - 3 (Three) Company Secretary of the Company acts as Secretary to the Committee. |



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| (B) Meeting of Audit Committee | 49 (II B) | YES | During the quarter ended June 30, 2014, One meeting has been held on May 30, 2014. |
| (C) Powers of Audit Committee | 49 (II C) | YES | The Board of Directors in its meeting held on 30 th May, 2014 approved and adopted the revised terms of reference of the Audit Committee in pursuance to the revised Clause 49 of the Listing Agreement with effect from 1 st October, 2014. |
| (D) Role of Audit Committee | 49 (II D) | YES | The Board of Directors of the Company in its meeting held on 30 th May, 2014 has also adequately defined the role of Audit Committee as per revised Clause 49 of the Listing Agreement with the stock exchanges and that it shall be effective from 1 st October, 2014. |
| (E) Review of information by Audit Committee | 49 (II E) | YES | The Audit Committee periodically reviews the required information. |
| III. Subsidiary Companies | 49 (III) | YES | As on June 30, 2014, the Company has one unlisted subsidiary Company i.e. Xlerate Driveline India Limited (XDIL). <ol style="list-style-type: none"> 1. Xlerate Driveline India Limited (XDIL) is a material non listed Indian subsidiary Company of the Company as on June 30, 2014. 2. The Audit Committee shall review the financial statements, in particular, the investments made by the unlisted subsidiary company. 3. The minutes of the Board meetings of the XDIL are placed at the Board meeting of the Company. The Board of Directors of the company periodically reviews a statement of all significant transactions and arrangements entered into by XDIL. |
| IV. Disclosures | 49 (IV) | YES | |
| (A) Basis of related party transaction | 49 (IV A) | YES | The requisite statement(s)/detail(s) pertaining to the following transactions are placed before the Audit Committee periodically:- <ol style="list-style-type: none"> a) A statement, in summary form, of transaction with related parties in the ordinary course of Business. b) Details of material individual transactions with related parties, which are not in the normal course of business. c) Details of material individual transactions with related parties or others, which are not on an arm's length basis together with management justification for the same. |
| (B) Disclosure of Accounting Treatments | 49 (IV B) | N.A. | Not applicable for the quarter. |
| (C) Board Disclosures- Risk management | 49 (IV C) | YES | The Board of Directors of the Company in its meeting held on February 03, 2012 has laid down the procedures for risk assessment and minimization procedures. |
| (D) Proceeds from public issues, rights issues, preferential issues etc. | 49 (IV D) | N.A. | Not applicable for the quarter. |
| (E) Remuneration of Directors | 49 (IV E) | YES | All disclosures on the "Remuneration of Directors" as per the requirements have been made in the Corporate Governance Report Section of the Annual Report for the financial year 2012-2013. |
| (F) Management | 49 (IV F) | YES | Management Discussion and Analysis Report forms part of the Annual Report 2012-13 to the shareholders. |



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| (G) Shareholders | 49 (IV G) | YES | <p><u>Clause 49 IV (G) (I)</u> Required information about the Directors to be appointed/re-appointed at the AGM held on 30th July, 2013 have been disclosed in the Annual Report 2012-2013. Mr. P.K. Mittal and Mr. N.V. Srinivasan were liable to retire by rotation and as they are eligible for re-appointment, they were re-appointed in the Annual General Meeting held on 30th July, 2013.</p> <p><u>Clause 49 IV (G) (II)</u> Quarterly/yearly financial results of the Company are sent to be displayed on the web site of the Stock Exchange(s) [in compliance with Clause 49 (VI B)], on the web-site of the Company i.e. www.raunaqinternational.com.</p> <p><u>Clause 49 IV (G) (III)</u> A Committee, namely, "Stakeholders' Relationship Committee" (Formerly known as Shareholders'/Investors' Grievance Committee) is in existence under the Chairmanship of a Non-Executive Independent Director specially to look into the redressal of shareholders and investors complaints like transfers/transmissions, issue of duplicate share certificates, non-receipt of balance sheet and non- receipt of declared dividend etc.</p> <p><u>Clause 49 IV (G) (IV)</u> Company's R & T Agent, M/s Link Intime India Pvt. Ltd.(Formerly known as Intime Spectrum Registry Ltd.) is handling share registry work for shares in physical & electronic form with the approval of the sub-committee of the Company consisting of Directors / Officers of the Company, which meets once in a fortnight to attend the share transfer formalities.</p> |
| V. CEO/CFO Certification | 49 (V) | YES | Certified to the Board of Directors on yearly basis. |
| VI. Report on Corporate Governance | 49 (VI) | YES | The separate section on Corporate Governance with a detailed compliance report on Corporate Governance has been elaborated in the Annual Report 2012-13 to the shareholders. |
| VII. Compliance | 49 (VII) | YES | Certificate has been enclosed in the Annual Report to the shareholders, 2012-2013. Further, six copies of the Annual Report for the financial year 2012-2013 has been sent to DSE, One copy sent to each of other Stock Exchanges. |

For Raunaq International Limited

Kaushal
Kaushal Narula
Company Secretary

