

Corporate Governance Report

The detailed report on Corporate Governance, for the Financial year April 1, 2013 to March 31, 2014 as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency, and fairness in all its transactions in widest sense and meet up its stakeholder's aspirations and societal expectations.

The Company has always endeavoured to implement the Corporate Governance process in the most democratic form as maximization of shareholders wealth is cornerstone of your company. For the Company the advent of the revised Clause 49 of the Listing Agreement has paved way for sharing with the stakeholders, the corporate governance practices, which are deeply rooted in the corporate culture of the Company. Your Company has been committed in adopting and adhering to global recognised standards of corporate conduct towards its employees, clients and the society at large. The management team of your Company exerts the strict adherence to corporate governance practices in order to cover the entire spectrum of governance activities and benchmark its practices with the prevailing guidelines of Corporate Governance.

2. BOARD OF DIRECTORS

The Board of Company consists of Eight Directors with a fair representation of executive, non-executive and independent directors

i. Composition and category of Directors

Pursuant to the provisions of the Companies Act 1956, Mr. Rakesh Agarwal retire by rotation and being eligible, offers himself for re-appointment.

Category	Name of Director
Promoter/Executive Director	Mr. Rajesh Agarwal
Promoter/Executive Director	Mr. Rakesh Agarwal
Promoter/Non-Executive Directors	None
Professional and Non – Executive, Independent Director	Mr. Radhey Shyam Agarwal
Professional and Non – Executive, Independent Director	Mr. Ram Chawla
Professional and Non – Executive, Independent Director	Mr. Rajkumar Mittal

ii. Board Meetings

Attendance of each Director at the Board meetings and the last Annual General Meeting:

The Company holds regular Board Meetings. The detailed agenda along with the explanatory notes is circulated to the Directors well in advance. The Directors can suggest inclusion of any item(s) in the agenda at the Board Meeting.

The Company held 4 (four) Board Meetings during the year ended 31st March, 2014. These were held on 20th May 2013, 23rd July 2013, 29th October 2013 and 25th January, 2014.

The attendance of the Directors at the Board Meeting and the Annual General Meeting held during the year ended 31st March 2014 was as follows:

Name of Directors	No. of Board Meetings attended during the Financial year 2013-2014	Whether attended AGM held on August 8, 2013	Number of Directorships in other public limited Companies *		No. of Committee positions held in other public limited Companies *	
			Chairman of the Board	Board Member	Chairman of the Committee	Member
Mr. Ram Chawla	4	N	—	—	—	—
Mr. Radhey Shyam Agarwal	4	Y	—	8	—	6
Mr. Rajkumar Mittal	4	N	—	1	—	1
Mr. Rajesh Agrawal	4	Y	—	1	—	—
Mr. Rakesh Agrawal	4	Y	—	1	—	—

* Note: Excludes Directorships in Private Limited Companies, Foreign Companies and Government Bodies. Only Audit Committee and Shareholders'/Investors' Grievance Committee have been considered for the Committee Positions.

Mr. Radhey Shyam Agrawal, Mr. Rajesh Agrawal and Mr. Rakesh Agrawal are relatives as per the provisions of the Companies Act, 2013.

iii. Information provided to the Board:

The Board of the Company is presented with all information under the following heads, whenever applicable and materially significant. These are surmised either as part of the agenda will in advance of the Board Meetings or are tabled in the course of the Board Meetings. This, inter-alia, include:

1. Annual operating plans of businesses, capital budgets, updates.
2. Quarterly results of the Company and its operating divisions or business segments.
3. Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
4. Materially important litigations, show cause, demand, prosecution and penalty notices.
5. Fatal or serious accidents.
6. Any material default in financial obligations to and by the Company or substantial non-payment for services rendered by the Company.
7. Details of any joint venture or collaboration agreement or new client win.
8. Any issue, which involves possible public liability claims of substantial nature, including any judgment or order, which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
9. Transactions had involved substantial payments towards good-will, brand equity, or intellectual property.
10. Significant development in the human resources front.
11. Sale of material, nature of investments, subsidiaries, assets which is not in the normal course of business.

12. Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement.
13. Quarterly update on the return from deployment of surplus funds.
14. Non-compliance of any regulatory or statutory provisions or listing requirements as well as shareholder services as non-payment of dividend and delays in share transfer.
15. Significant labour problems and their proposed solutions. Any significant development in Human Resources /Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.

iv. Brief resume of Director who will be retiring by rotation at this Annual General Meeting of the Company

Mr. Rakesh Agrawal, aged 49 Years residing at Mumbai has been director of the Elegant Marbles & Grani Industries Limited. He has experience in the business of related Industry.

3. COMMITTEES OF THE BOARD

The Board has three Committees: the Audit Committee, the Nomination & Remuneration Committee and the Stakeholders' Relationship Committee.

(a) AUDIT COMMITTEE

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting progress with a view to ensuring accurate timely and proper disclosures and transparency, integrity and quality of financial reporting.

The Committee oversees the work carried out by the management, internal auditors on the financial reporting process and the safeguards employed by them.

i. Composition, Name of Members and Chairman

The Audit Committee was reconstituted pursuant to the provision of Section 177 of the Companies Act, 2013 (as amended or re-enacted from time to time)

The reconstituted Audit Committee of the Company comprises of 2 Independent Directors & 1 Executive Promoter Director as under:

- | | | | |
|----|--------------------------|---|---|
| 1. | Mr. Radhey Shyam Agarwal | - | Chairman - Non Executive Independent Director |
| 2. | Mr. Rajkumar Mittal | - | Member - Non Executive Independent Director |
| 3. | Mr. Rajesh Agrawal | - | Member – Promoter & Executive Director |

ii. Brief description of the terms of reference

The terms of reference of the Audit Committee are as follows:

- (a) To oversee the Company's financial reporting process and the disclosure of its financial information and to ensure that the financial statements are correct, sufficient and credible.
- (b) To recommend the appointment / removal of external auditors, fixing auditors fees and to approve payments for any other services.
- (c) To review with management the annual financial statements before submission to the Board, focusing primarily on:
 - Any change in accounting policies and practices.

- Major accounting entries based on exercise of judgment by management Qualifications in the draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with the accounting standards.
 - Compliance with Stock Exchange and legal requirements concerning financial statements.
 - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relative etc. that may have potential conflict with the interests of the Company at large.
 - Matters required to be included in the Directors Responsibility Statement to be included in the Board Report in terms of Clause (2AA) of section 217 of the Companies Act, 1956.
- (d) To review and approve annual accounts of the Company and recommended to the Board for consideration or otherwise.
- (e) To review with Management; external and internal auditors, and review the efficacy of internal control systems.
- (f) To review the adequacy of internal audit function, 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.
- (g) To review the Company's financial and risk management policies.

iii. Meetings and Attendance during the year 2013-14

The Audit Committee met 4 (Four) times during the year and the attendance record is as per the table given below:

Date of Meeting	Mr. Radhey Shyam Agarwal	Mr. Raj Kumar Mittal	Mr. Ram Chawla
20.05.2013	√	√	√
23.07.2013	√	√	√
29.10.2013	√	√	√
25.01.2014	√	√	√
Total Meetings attended	4	4	4

iv. Powers of Audit Committee

The audit committee shall have the following powers, 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 with relevant expertise, if it considers necessary.

v. Review of Information by Audit committee

The Audit Committee shall mandatorily review the following information:

1. Management Discussion and analysis of financial condition and results of operations;
2. Statement of related party transactions (As defined by Audit Committee), submitted by Management;
3. Management letters / letters of internal control weakness 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) NOMINATION & REMUNERATION COMMITTEE

The Remuneration Committee was reconstituted and renamed as Nomination & Remuneration Committee as per the requirements of the Companies Act, 2013.

The terms of reference of the remuneration committee in brief pertain to inter-alia, determining the Companies policy on and approve specific remuneration packages for executive director (s)/Manager under the Companies Act, 1956 after taking in to account the financial position of the Company, trend in the industry, appointees qualification, experience, past performance, interest of the Company and members. The Committee also acts a nomination Committee, as per circular of RBI dated 08 May, 2007, to ensure 'fit and proper' status of the Directors appointed / reappointed and recommend their appointment / reappointment to the Board of Directors.

During the year the Remuneration Committee met on 20th May, 2013. Mr. Ram Chawla, Mr. Rajkumar Mittal & Mr. Radhey Shyam Agarwal attended the meeting.

The reconstituted Nomination & Remuneration Committee comprises of 3 Non-Executive Independent Directors and 1 Executive Promoter Director:

Name of Director	Category
1. Mr. Radhey Shyam Agarwal	- Chairman - Non Executive Independent Director
1. Mr. Rajkumar Mittal	- Member - Non Executive Independent Director
3. Mr. Ram Chawla	- Member- Non Executive Independent Director
4. Mr. Rajesh Agarwal	- Member – Promoter & Executive Director

Remuneration of directors

(i) Details of payments made to Non-Executive Independent Directors during the year 2013-14 are given below:

Name	Sitting Fees For Non-Executive Independent Directors (in Rs.)
Shri Radhey Shyam Agarwal	8,000
Shri Raj Kumar Mittal	8,000
Shri Ram Chawla	8,000

(ii) Details of remuneration paid to Managing Directors during the year 2013-14 are given below:

Name	Remuneration (Including Allowances & Bonus) (in Rs.)	Perquisites In Cash Or Kind (in Rs.)	Service Contract
Mr. Rajesh Agarwal	18,00,000	2,70,000	1st Aug, 2012 to 31st July, 2015
Mr. Rakesh Agarwal	18,00,000	2,70,000	1st Oct, 2012 to 30th Sep, 2015

Pecuniary relationship or transactions of non- executive directors

During the year under review, there were no pecuniary relationships and transactions of any non- executive director with the Company.

Criteria of making payments to non- executive directors

Non-executive directors of the Company play a crucial role in the independent functioning of the Board. They bring in an external perspective to decision-making and provide leadership and strategic guidance while maintaining objective judgment. They also oversee corporate governance framework of the Company.

The Company currently has no stock option plan for any of its directors. During the year under review, none of the directors was paid any performance-linked incentive. In F.Y. 2013-14, the Company did not advance any loans to any of the non-executive directors.

(c) STAKEHOLDERS' RELATIONSHIP COMMITTEE

The shareholders/investors grievance committee has been renamed and reconstituted as the Stakeholders' Relationship Committee as per the requirements of the Companies Act, 2013.

i. Scope of the Committee

The scope of the Shareholders Grievance Committee is to review and address the grievance of the shareholders in respect of share transfers, transmission, non-receipt of annual report, non-receipt of dividend etc, and other related activities. In addition, the Committee also looks into matters which can facilitate better investor's services and relations.

ii. Composition of the Committee

- The Committee is headed by Mr. Ram Chawla, (Chairman- Non-Executive Independent Director).
- Other members of the Committee includes
 1. Mr. Radhey Shyam Agarwal
 2. Mr. Rajesh S. Agarwal

During the year the under review, one meeting of this committee was held on 19th September, 2013. Mr. Ram Chawla, Mr. Raj Kumar Mittal & Mr. Rajesh Agarwal attended the meeting.

This Committee looks into redressal of Shareholders' and investors' complaints with respect to transfer/transmission of shares, non-receipt of annual report, dividend warrants etc.

iii. Compliance Officer

NAME OF THE COMPLIANCE OFFICER	Mr. Hitesh Kothari
CONTACT DETAILS	Elegant House, Raghuvanshi Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013
E- MAIL ID	elegantmarbles@gmail.com

4. GENERAL BODY MEETINGS

Details of Annual General Meetings held in the three previous years and Special Resolutions passed thereat:

Following table details the particulars of the last Three Annual General Meetings of the Company

Financial Year	Date & Time	Venue	Special Resolutions passed
2010- 2011	28 th September, 2011 at 9.00 a.m.	E-7/9, RIICO Industrial Area, Abu Road – 307 026, Rajasthan	No special resolutions passed for the financial year 2010-11.
2011- 2012	24 th July, 2012 at 9.00 a.m.	E-7/9, RIICO Industrial Area, Abu Road – 307 026, Rajasthan	Consent of the Company under sections 198,269,309,310,314 and read with schedule XIII and other related provisions of the Companies Act, 1956, for the appointment of Mr. Rajesh Agrawal as the Chairman and Managing Director and Mr. Rakesh Agrawal as Managing Director, for a period of 3 years w.e.f. 1 st August, 2009 and 1 st October, 2009 respectively as per the terms and conditions detailed in the resolution read together with the Explanatory Statement thereto.
2012-2013	8 th August, 2013 at 9.00 a.m.	E-7/9, RIICO Industrial Area, Abu Road – 307 026, Rajasthan	No special resolutions passed for the financial year 2012-13.

5. MANAGEMENT

i. Management discussion and analysis

This is given as a separate chapter in this annual report.

ii. Disclosure of material transactions

Pursuant to clause 49 of the listing agreement, senior management members have given disclosures to the Board that there are no material, financial and commercial transactions where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the Company.

6. SHAREHOLDERS

i. Appointment/Reappointment

Appointment and/or re-appointment of directors According to the Companies Act, 1956, at least two-third of the Board should consist of retiring directors. Of these, one-third is required to retire every year and, if eligible, may seek re-appointment by the shareholders.

Accordingly Mr. Rakesh Agarwal retire from Board by rotation this year and, being eligible, have offered his candidature for re-appointment. Their candidature has been recommended by the remuneration and nomination committee to the Board, which in turn has recommended the same for approval of the shareholders.

Brief profiles of the directors proposed to be re-appointed are given in the notice convening the ensuing annual general meeting of the Company.

ii. Communication to shareholders

Quarterly, half yearly and annual financial results are published in Free Press Journal (Mumbai editions) and Navshakti (Mumbai edition) along with the official press release.

The Company has a website *www.elegantmarbles.com* which contains all important public domain information including presentations made to the media, analysts and institutional investors. The website also contains information on matters concerning the shareholders and details of the corporate contact persons. All financial and other vital official news releases are also communicated to the concerned stock exchanges, besides being placed on the Company's website.

The Company also files the following information, statements and reports on *www.elegantmarbles.com* as specified by SEBI:

Full version of the annual report including the balance sheet, statement of profit and loss, cash flow statement, directors' report and auditors' report and quarterly financial statements

1. Corporate governance report
2. Shareholding pattern

7. DISCLOSURES

i. Disclosures regarding materially significant related party transactions

No transaction of material nature has been entered into by the Company with its Promoters or Directors or management or relatives etc. that may have potential conflict with the interest of the Company.

All transactions with the Related Parties were in the ordinary course of business and at arms length.

ii. Disclosure of non-compliance by the Company

There was no non-compliance during the year and no penalties were imposed on the Company by the Stock Exchange, SEBI or any other statutory authority. The Company obtained a certificate from the statutory auditor of the Company with respect to compliance with the conditions of corporate governance and annexed the certificate with the Directors' Report and sent the same to all the shareholders of the Company and to all the concerned Stock Exchanges along with the annual reports filed by the Company.

iii. Prevention of Insider Trading

In compliance With the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations 1992, as amended till date on prevention of Insider Trading, the Company has a comprehensive code of conduct and the same is being strictly adhered by its management staff and relevant business associates. The code expressly lays down the guidelines and the procedure to be followed and disclosures to be made while dealing with shares of the company and cautioning them on the consequences on non-compliance thereof.

The Company follows quiet periods (closure of trading window) prior to its publication of unpublished price sensitive information. During the quiet period, the Company has set up a mechanism where the management and relevant staff and business associates of the Company are informed not to trade in Company's securities.

The company also affirms that no personnel has been denied access to the audit committee.

iv. Code of conduct

In terms of Clause 49 of the Listing Agreement(s), the Company has adopted a Code of Conduct for the board of Directors and Senior Management Personnel of the Company. The same has been posted on the Company's website. The Declaration by the Chairman and Managing Director of the Company forms part of this Report.

v. Details of Compliance with Clause 49 of the Listing Agreement

The Company has complied with the provisions of Clause 49 of the Listing Agreement.

8. MEANS OF COMMUNICATION

(a) The Company placed all the quarterly results and annual results in daily newspaper in Marathi and English.

(b) The Management Discussion and Analysis (MDA) report has been included in this Annual Report.

9. SHAREHOLDER INFORMATION

i. Forth Coming Annual General Meeting

The forthcoming Annual General Meeting of the Members of Elegant Marbles & Grani Industries Limited will be held at E-7/9, RIICO Industrial Area, Abu Road – 307 026, Rajasthan on Wednesday, 24th September, 2014 at 9.00 a.m.

ii. Financial Year of the Company

Financial year of the Company is 1st April to 31st March every year.

iii. Date of Book Closure

Share Transfer Books of the Company will be closed from 19th September, 2014 to 23rd September, 2014 (both days inclusive).

iv. Listing on Stock Exchange

- The Bombay Stock Exchange Limited, Mumbai
- The Jaipur Stock Exchange, Jaipur

v. Stock Code

Bombay Stock Exchange code – 526705

The Jaipur Stock Exchange code - 483

vi. The ISIN NO. in CDSL

INE095B01010

vii. Market Price Data

Table below gives the monthly high and low prices and volumes of trading of Equity Shares of the Company at Bombay Stock Exchange Limited (BSE) for the year 2013-14:

Month	High	Low
April 2013	--	--
May 2013	35.40	33.75
June 2013	35.00	32.50
July 2013	37.00	33.55
August 2013	35.36	30.45
September 2013	29.60	29.60
October 2013	35.00	31.05
November 2013	35.00	34.00
December 2013	36.45	33.25
January 2014	36.60	31.80
February 2014	36.00	33.20
March 2014	36.00	32.00

viii. Distribution of shareholding as on 31st March, 2014

No. of Equity Shares held	No. of Shareholders	% of Shareholders	Share Amount Rs.	% of Shareholdings
Upto 500	1137	88.003	1589880	3.533
501-1000	78	6.037	615390	1.368
1001-2000	29	2.245	452900	1.006
2001-3000	7	0.542	174070	0.387
3001-4000	6	0.464	211590	0.470
4001-5000	8	0.619	361950	0.804
5001-10,000	5	0.387	442450	0.983
10001 & above	22	1.703	41151770	91.448
TOTAL	1292	100	45000000	100

ix. Pattern Of Shareholding By Ownership As On 31st March, 2014

Category	No. of Shares	% of total shares
Promoters	3252400	72.28
Persons acting in concert	NIL	NIL
Mutual Funds & UTI	NIL	NIL
Banks/ FIs/ Insurance Co. (Central / State Govt./ Non- Govt. Institutions)	600	0.01
Corporate Bodies	249730	5.55
NRIs/OCBs	5170	0.11
Clearing Members	450	0.01
Indian Public	991650	22.04
Total	4500000	100.00

x. Financial Release Dates for 2014-2015

Quarter	Release Date (Tentative and subject to change)
1 st Quarter ending 30 th June	31 st July, 2014
2 nd Quarter ending 30 th September	31 st October, 2014
3 rd Quarter ending 31 st December	31 st January, 2015
4 th Quarter ending 31 st March	30 th April, 2015

xi. Registrar and Share Transfer agents

Universal Capital Securities Private Limited.
21, Shakil Niwas, Near Satya Sai Baba Mandir,
Mahakali Caves Road, Andheri (East), Mumbai – 400 093.

xii. Share Transfer System

Shares sent for transfer in physical form are registered and returned by Registrar and Share Transfer agents within 30 days from the date of receipt of documents, provided the documents are found in order. Share under objection are returned within 21 days.

xiii. Address for correspondence

For any Query relating to the Shares of the Company:

Elegant House
Raghuvanshi Mills Compound,
Senapati Bapat Marg,
Lower Parel, Mumbai- 400 013.

**For and on behalf of the Board of Directors
Elegant Marbles & Grani Industries Limited**

**Place: Mumbai
Date : 12th August, 2014**

Sd/-
**Rajesh Agrawal
Chairman & Managing Director**