

CORPORATE GOVERNANCE REPORT

(Forming part of the Director Report for the year ended 31st March, 2013)

a) Company's Philosophy on Corporate Governance

ACCL believes that good Corporate Governance is essential to achieve long-term corporate goals and enhance stakeholders' value. Thus ACCL philosophy on corporate governance is based on integrity, emphasis on quality services and transparency in its dealing with all stakeholders.

ACCL being a value driven organization, has always worked towards building trust with shareholders, employees, customers and suppliers based on principles of good governance namely, integrity, transparency, accountability and commitment to values

Ashika Credit Capital Limited continues to focus its strength, strategies and resources to become a truly global financial service provider.

Given below are the Company's Corporate Governance policies and practices for 2012-2013. As will be seen, ACCL corporate governance practices and disclosures go beyond complying with the statutory and regulatory requirements.

b) Board of Directors

In order to maintain independence of the board, the company has a balanced combination of Executive, Non Executive and Independent Directors, which is essential to separate the two main Board functions namely governance and management.

Composition

The Article Number 124 of Article of Association of the company provide for a minimum of 3 and a maximum of 12 directors.

As on 31st March, 2013, the board of Ashika Credit Capital Limited consisted of 7 (seven) directors among which one (1) is **Executive Director** and Six (6) are **Non Executive Director**. The composition of the board of directors is as under: -

Name	Designation	Category	Shareholding in company (no. of share)	Number of directorship held in other companies*	Number of Membership / chairmanship in various Board Committees **
Mr. Pawan Jain	Chairman cum Managing Director, CEO	Promoter, Executive Director	17,19,320 in capacity as <i>Karta</i> of Pawan Jain (HUF)	15	2 (Chairman of two committee)

Mr. Daulat Jain ***	Director	Promoter, Non-Executive Director	7,69,375 in capacity as <i>Karta</i> of Daulat Jain (HUF)	14	8 (Chairman of three committee)
Mr. Kashi Prasad Khandelwal	Director	Non-Executive, Independent Director	-	4	4 (Chairman of two committee)
Mr. Ashok Kr. Agarwal	Director	Non-Executive, Independent Director	-	6	4(Chairman of one committee)
Mr. Sagar Jain	Director	Non-Executive, Independent Director	-	6	5(Chairman of two committee)
Mr. R.S.Agarwal	Director	Non-Executive, Independent Director	-	1	4
Mr. Keshav Kumar Saraf	Director	Non-Executive, Independent Director	-	2	3

* Including Ashika Credit Capital Limited , other Private Companies and Non Profit Organization .

** Includes Audit Committee, Remuneration Committee, Share Transfer Committee, Shareholder /Investor Grievance Committee, Preferential issue Committee and Independent Committee

*** Mr. Daulat Jain will resign from the post of Directorship of the company w.e.f. 1st May, 2013.

(Note - FPO committee of the company and the IPO committee of its group company has been dissolved in the financial year 2012-2013.)

Board Meeting and Attendance:

During the year 2012-2013, the board of directors met five times on the following dates: 11th April 2012, 26th May 2012, 30th July 2012, 9th November 2012 and 15th January 2013. The gaps between any two meetings has been less than or equal to four months. The dates of the meeting were decided well in advance.

Composition of the board and attendance record of Directors for 2012-2013:

Name of Director	Meeting attended	Whether attended AGM held on 27th July, 2012
Mr. Pawan Jain	5	Yes
Mr. Daulat Jain	5	Yes
Mr. Kashi Prasad Khandelwal	5	No
Mr. Ashok Kr Agarwal	4	No
Mr. Sagar Jain	5	Yes
Mr. R.S.Agarwal	5	Yes
Mr. Keshav Kumar Saraf	5	Yes

Board Agenda and minutes

The company holds at least four board meetings in a year, one in each quarter with the time gap between the two board meetings not exceeding four calendar months to review the financial results and other item of the agenda. Apart from the four scheduled board meetings, additional board meetings are also convened to address specific requirements of the company. Every Director on the board is free to suggest any item for inclusion in the agenda for the board's consideration. All the departments in the Company communicate with the Company Secretary well in advance about matters requiring approval of the board/committees meeting(s).

Agenda papers are generally circulated to the board members well in advance before the meeting of the board. The Company Secretary, while preparing the agenda and minutes of the board meeting required to ensure adherence to the applicable provisions of the law including the Companies Act, 1956. The draft minutes of the proceedings of each board meeting duly initialed by the board in its next meeting. The board also takes note of the minutes of the committee meeting duly approved by their respective chairman.

Review of Legal compliance report

The Board reviewed the Reconciliation of Share Capital Audit Report and Compliance Report on a quarterly basis which, was prepared and placed by Whole time Company Secretary in Practice and in-house Company Secretary with respect of the laws applicable for the Company.

c) Code of Conduct for Directors and Senior Management Personnel

The company has already adopted a code of conduct, which was made applicable to all its Directors, and all Senior Management Personnel of the Company. Board members and Senior Management Personnel have affirmed compliance with the company's code of conduct during the period. A statement to this effect that all directors and senior management personnel have complied with the company's code of conduct during the period and the same duly certified by CEO of the company is annexed hereunder. The code has been posted on the website of the Company.

TO WHOMSOEVER IT MAY CONCERN

I, Pawan Jain, the Managing Director and CEO of the Company, do hereby declare that all the Board members and Senior Management Personnel of the Company have affirmed their compliance on an annual basis with the code of conduct as laid down by the company pursuant to the requirements of clause 49 of the Listing Agreements with the Stock Exchange.

Kolkata
26th April, 2013

Pawan Jain
(Chief Executive Officer)

d) Audit Committee

The terms of reference of the Audit Committee are in accordance with those specified in Clause 49 of the Listing Agreement. It inter alia includes the overview of the company's financial reporting processes, review of the quarterly, half yearly and annual financial statements, the adequacy of internal control systems, performance of statutory auditor, internal audit functions, the financial and risk management policies, appointment of Chief Financial Officer among others.

Following information is mandatorily reviewed by the committee: -

- Management Discussion and Analysis Report of financial condition and results of operation.
- Statement of significant related party transactions (as defined by the audit committee), submitted by management.
- Management letters/letters of internal control weaknesses issued by the Statutory Auditor
- Internal Audit Report relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the chief internal auditors shall be subject to review by the audit committee.

Composition, Meetings and Attendance for Audit Committee of the Company

The Audit Committee comprises of five members. The committee has met four times during the year and attendance of the members at these meetings was as follow:

Name of Director	Status	Meeting Attended			
		26/05/2012	30/07/2012	09/11/2012	15/01/2013
Mr. Sagar Jain	Chairman, Non-Executive and Independent Director	Yes	Yes	Yes	Yes
Mr. Daulat Jain*	Non-Executive Director	Yes	Yes	Yes	Yes
Mr. K P Khandelwal	Non-Executive and Independent Director	Yes	Yes	Yes	Yes
Mr. K. K. Saraf	Non-Executive and Independent Director	Yes	No	Yes	Yes
Mr. R. S. Agarwal	Non-Executive and Independent Director	Yes	Yes	Yes	Yes

* The committee shall be reconstituted w.e.f. 1st May, 2013.

Mr. Amit Jain was appointed as CFO of the company in place of Ms Nidhi Palan w.e.f 1st January, 2013.

e) Shareholder/ Investor Grievance Committee

The Company has formed an Investor'/Shareholders' Grievance Committee under the Chairmanship of Mr. Ashok Agarwal, an Independent Director. Mr. Daulat Jain and Mr. Kashi Prasad Khandelwal are the other members of the Committee. The meetings of the committee are held to review and resolve all the cases which come out in the normal course of business. The Committee met as and when required during the year. The monthly review of activities of Share Transfer Agent is undertaken regularly by the Company Secretary. There has been no grievances received by the Company during the period 1st April 2012 to 31st March 2013. Further Mr. Daulat Jain has resigned from the Committee and Mr. R.S.Agarwal has being appointed as member of the Committee. The Committee has being reconstituted w.e.f. 26th day of April, 2013.

Compliance Officer

Ms. Anju Mundhra – Company Secretary is Compliance Officer of the Company.

Role and Objectives

The role and objectives of the Committee are as under:

- ❑ Oversee the shareholder-related issue like non-receipt of declared dividends, annual reports among others.
- ❑ Resolve cases related to investors' grievances.

f) Share Transfer Committee

The Share Transfer Committee of the Company is formulated under the chairmanship of Mr. Daulat Jain, Non Executive Director, Mr. R.S.Agarwal and Mr. K.K.Saraf as members, the Non - Executive Independent Directors of the Company. The committee met as and when required during the year. The Secretary of the company is acting as Secretary of the Committee. Further Mr. Daulat Jain has resigned from the committee and Mr. Sagar Jain has been appointed as member & chairperson of the committee. The committee has been reconstituted w.e.f. 26th day of April, 2013.

Role & Objectives:

- Approve the transfer of physical share certificates of the Company as and when required in accordance with the provisions of the Companies Act, 1956.
- Issue the duplicate share certificates to the shareholders as and when required.
- Keep record of the physical share certificates kept with RTA.
- Take note of the dematerialization of shares of the Company.
- Issue the share certificates on dematerialization.
- Sign the share certificates.
- Report regularly to the Board of Directors on the committee's deliberation and actions.

The Board of Directors has authorized the Secretary to approve the transfer/transmission/dematerialization of shares which are properly processed and related formalities are done by the Registrar and Share Transfer Agent.

g) Remuneration Committee

The Remuneration Committee of the company comprises of five Non-Executive Independent Directors as mentioned below:

Mr. K.P.Khandelwal, Chairman

Mr. Sagar Jain, Member

Mr. Ashok Kr Agarwal, Member

Mr. R.S.Agarwal, Member

Mr. K.K.Saraf, Member

The remuneration policy of the company is directed towards rewarding performance, based on review of achievements on a periodical basis. Company has a policy of remunerating managerial personnel by way of monthly salary which are duly approved by the Remuneration Committee. No remuneration except sitting fees for attending the board meeting is paid to other Directors

The Remuneration Committee meets as and when need arises. The Managing Director is being paid remuneration as per the agreement with the company duly approved by Board and Shareholder. The remuneration structure of the Managing Director comprises of salary inclusive of perquisites and benefits. Mr. Pawan Jain is being re-appointed as Managing Director of the Company w.e.f. 1st December 2012 for a period of three year at a remuneration of Rs 1,25,000/- per month. There are no stock option benefits to any of the directors. The Managing Director is not being paid sitting fees for attending meeting of Board or Committee thereof. The other Directors are being paid sitting fees of Rs 5000/- for attending each board meeting. No sitting fee is paid to directors for attending committee meetings.

Details of remuneration paid to all the Directors and Managerial Personnel for the financial year 2012-2013 are as follow;

Name of Directors	Designation	Salary (per annum)	Sitting Fees for attending Board Meeting
Mr Pawan Jain	Chairman Cum Managing Director and CEO	15,00,000	-----
Mr Daulat Jain	Non - Executive Director	-----	25,000
Mr K.P.Khandelwal	Non - Executive Independent Director	-----	25,000
Mr Ashok Kr Agarwal	Non - Executive Independent Director	-----	20,000
Mr R.S.Agarwal	Non - Executive Independent Director	-----	25,000
Mr Sagar Jain	Non - Executive Independent Director	-----	25,000
Mr K.K.Saraf	Non - Executive Independent Director	-----	25,000

h) Preferential Issue Committee:

The Preferential Issue Committee was formulated w.e.f 15th day of January, 2013 to consider the matter in regard to issue of shares on preferential basis to Promoter and Non-promoters of the Company. The composition included the following:

Name of the Director	Designation	Designation in the Committee	Meeting Attended
Mr. Pawan Jain	Managing Director	Chairman	No
Mr. Daulat Jain	Director	Member	No
Mr. Sagar Jain	Director	Member	Yes
Mr. R.S. Agarwal	Director	Member	Yes
Ms Anju Mundhra	Company Secretary & Compliance Officer	Secretary	Yes

The committee members were not given any sitting fees for attending the meeting. The first meeting was held on 15th day of February 2013 to cancel the EGM due to unpredicted Circumstances, which was called for considering the proposed preferential issue. The committee got dissolved w.e.f. 26th day of April 2013.

i) General Body Meetings

The general meetings of the Company were held as per details given below:

Year	Date	Venue	Time	Number of Special resolutions passed
2011 - 12	27 th July, 2012	" TRINITY ", 226/1 A.J.C. Bose Road, 7 th Floor Kolkata-700020	10.00 A.M.	Nil
2010-11	30 th June, 2011	" TRINITY ", 226/1 A.J.C. Bose Road, 7 th Floor Kolkata-700020	4.00 P.M.	Nil
2010-11 (EGM)	7 th September, 2010	" TRINITY ", 226/1 A.J.C. Bose Road, 7 th Floor Kolkata-70002	4.30 P.M.	Two
2009-10	17 th July, 2010	" TRINITY ", 226/1 A.J.C. Bose Road, 7 th Floor Kolkata-700020	1.00 P.M.	Nil

Note: The Company shall comply with the requirements of using postal ballot as and when required.

j) Disclosures:

- A statement in summary form of transactions with related party in ordinary course of business is placed annually before the Audit Committee. The pricing of all the transactions with related party transactions were on arm length basis.
- There are no materially significant transactions made by the Company with its promoters, directors or the management, or relatives among others which are at potential conflict with the interest of the company at large.

- While preparation of financial statements for the year under review, no accounting treatment which was different from that prescribed in the Accounting Standard was followed. The Financial Statements for the year ended 31st March, 2013 is prepared as per revised Schedule VI of the Companies Act 1956 notified by Ministry of Corporate Affairs. It has significant impact on presentation and disclosures made in the Financial Statements.
- Transactions with regard to related party as per requirement of Accounting Standard (AS) - 18 "Related Party Disclosure", are disclosed in Notes to the Audited Financial Statements of the company for the year ended 31st March, 2013 in the Annual Report.
- No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital market for non-compliance by the company during the last three years.
- The Company does not have any operational Whistle Blower Policy.
- Chief Executive Officer (CEO) and Chief Financial Officer (CFO) certification, on financial statements has been issued pursuant to the provisions of clause 49 of Listing Agreement and is annexed to the Corporate Governance and forms part of Annual Reports.
- The company has opened a new branch office at 7, B.B.Ganguly Street, Kolkata – 700012 w.e.f. 1st day of January, 2013.
- The company was proposing to come up with a preferential issue of 30,10,000 equity shares to promoter and non promoter of the company. Further due to un-predicted circumstances the same could not be materialized and stands cancelled.

k) Means of Communication:

The Annual Report shall be send to the shareholders and each report shall contains the Annual Accounts of the Company in respect of this financial year with Corporate Governance report, Director's and Auditor's Reports, along with notice convening the Annual General Meeting.

The Audited & Unaudited Financial Results are being published in The Business Standards one of the leading national (English) newspaper – All India Edition and in Arthik Lipi, vernacular newspaper (Bengali) and are also displayed on the Company's website www.ashikagroup.com.

The Management Discussion and Analysis Report in respect of the Financial Year 2012-2013 is a part of the Director's Report.

l) Mandatory Requirement:

The company has complied with the mandatory requirements as stipulated in clause 49 of the Listing Agreements with the Stock Exchanges.

m) Compliance with Non Mandatory Requirements of Clause 49:

Adoption of non-mandatory requirements is actively considered by the Company.

n) Compliance Certificate of the Statutory Auditor:

The Company has obtained a certificate from the Statutory Auditor regarding compliance of conditions of Corporate Governance as stipulated in clause in Clause 49 of the Listing Agreement. The Certificate is annexed.

o) Going Concern:

The Directors are satisfied with the fact Company has adequate resources to continue its business for the foreseeable future and consequently consider it appropriate to adopt the 'going concern' basis in preparing financial statements.

p) Unclaimed Dividends:

Pursuant to section 205A read with section 205C of the Companies Act, 1956 the dividend amounts which remain unpaid/unclaimed for a period of seven years are required to be transferred to the Investor Education & Protection Fund of the Central Government. The Company has accordingly transferred the amount of Rs 1,32,479.60 lying in the unclaimed/unpaid dividend for the year 2004-05 to the Investor Education & Protection Fund within time frame which was due on 7th October 2012.

Q) Additional Shareholder Information:

1. Registered & Corporate Office	:	"Trinity", 226/1, A.J.C. Bose Road, 7 th floor, Kolkata - 700 020.
2. Branch Office	:	7 B. B. Ganguly Street, 4 th Floor Kolkata - 700012
3. Date of Incorporation	:	8 th March, 1994
4. Registration No. / CIN	:	L67120WB1994PLC062159
5. Email id for Investor Grievances	:	investorservices@ashikagroup.com
6. Date, Time and venue of 20 th AGM	:	Friday, the 26 th July 2013 at Trinity, 226/1, A.J.C.Bose Road, Kolkata - 700020 at. 10 A.M.
7. Date of Book Closure	:	20 th July , 2013 to 26 th July, 2013 (both inclusive)
8. Dividend Payout	:	Nil
9. Financial Year	:	1 st April, 2012 - 31 st March, 2013

10. **Listing Payment** : The Annual Listing fees have been paid and there is no outstanding payment towards the stock exchanges as on date.
11. **Listed & Traded on Stock Exchange** : The Company's Equity Shares are listed with The Calcutta Stock Exchange Limited and traded at nation-wide platform of BSE Ltd under "Permitted Securities Category" with effect from 11th November, 2011
12. **Scrip ID** : ASHIKACR
13. **Scrip Code** : 11591 and 10011591 (CSE), 590122 (BSE)
14. **Registrar and Share Transfer Agent** : Maheshwari Datamatics Private Ltd.
6, Mangoe Lane, 2nd Floor,
Kolkata - 700001.
Telephone: 91-33-22482248,
91-33-22435029/ 5809
Fax no: 91-33-2248 4787
Email:mdpldc@yahoo.com.

15. **Stock Market Data** :

Month	High		Low	
	BSE	CSE	BSE	CSE
April, 2012	85.85	-----	45.10	-----
May, 2012	85.00	-----	74.15	-----
June, 2012	113.70	-----	76.00	-----
July, 2012	115.00	-----	93.50	-----
August, 2012	126.00	-----	102.15	-----
September, 2012	150.00	-----	101.00	-----
October, 2012	128.00	-----	93.00	-----
November, 2012	122.00	-----	104.50	-----
December, 2012	123.20	-----	82.00	-----
January, 2013	119.50	-----	90.80	-----
February, 2013	110.00	-----	87.00	-----
March, 2013	94.00	-----	55.00	-----

16. **Dematerialisation of Shares and Liquidity** : The Company's shares are available for trading in the depository system of both NSDL and CDSL.

17. **Outstanding GDR/Warrants** : None

18. Distribution of Shareholding as at 31st March, 2013 :

Slab of shareholding	Number of Shareholders	%	Number of Shares	%
1-500	497	58.4019	50671	0.7244
501-1000	113	13.2785	100926	1.4429
1001-2000	62	7.2855	104678	1.4965
2001-3000	28	3.2902	74401	1.0637
3001-4000	32	3.7603	124106	1.7743
4001-5000	14	1.6451	68209	0.9751
5001-10000	31	3.6427	252463	3.6093
10001 and above	74	8.6957	6219372	88.9139
Total	851	100	6994826	100

19. Shareholding Pattern as on 31st March, 2013 :

Shareholding Pattern	Number of Shares	% of Shareholding
Indian Promoters and their Associates	3791695	54.2071
Mutual Funds and UTI	-	-
Banks, Financial Institutions, Insurance Companies (Central and State Government Institutions/ Non-Government Institutions)	-	-
Other Corporate Bodies	952624	13.6191
Resident Individuals (Public)	2248999	32.1523
Any Other	1508	.0215
Grand Total	6994826	100

20. Addresses for Investor Correspondence:

Company Address:	Registrar and Share Transfer Agent:
Secretarial Department Ms. Anju Mundhra Company Secretary & Compliance Officer "Trinity", 5 th floor, 226/1, A.J.C. Bose Road, Kolkata - 700 020. Tel No. (033) 40102500 Fax No. (033) 2289-1555 Email : anjulohia@ashikagroup.com	Maheshwari Datamatics Private Limited Mangoe Lane, 2 nd Floor, Kolkata - 700001 Tel no: 91-33-2243 5029/5809, 2248 2248 Fax no: 91-33-2248 4787 Email: mdpldc@yahoo.com

For, Ashika Credit Capital Limited

S/d

Place: Kolkata

(Pawan Jain)

Date: 26.04.2013

Chairman Cum Managing Director

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION:

We, Pawan Jain, Chief Executive Officer, (Chairman Cum Managing Director) and Amit Jain, Chief Financial Officer, to the best of our knowledge and belief certify that:

1. We have reviewed the Balance sheet as at 31st March, 2013 and Profit and Loss Account for the year ended 31st March 2013, and all its schedules and notes on accounts as well as the Cash Flow Statements and the Director's Report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of material fact or omits to state a material fact or does not contain any statement that might be misleading;
3. Based on our knowledge and information the financial statements and other financial information included in this report present in all material respects a true and fair view of the company affairs, the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing Accounting Standards and/or applicable laws and regulations;
4. To the best of our knowledge and belief no transactions entered into by the company during the aforesaid period are fraudulent, illegal or violative of the company's code of conduct;
5. We are responsible for establishing and maintaining disclosure, controls and procedures and internal controls over financial reporting for the company and we have;
 - Evaluated the effectiveness of the company's disclosure, controls and procedures over financial reporting and
 - Disclose in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting;
6. We have disclosed based on our most recent evaluation, wherever applicable, to the Company's Auditor and the Audit Committee of the Company's Board of Director's;
 - All deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process, summarise and report financial data and have identified for the company's Auditors, any material weakness in internal control over financial reporting including any corrective actions with regard to deficiencies;
 - Significant Changes in internal controls during the period covered by this report, if any;
 - All significant changes in Accounting Policies during the year, if any, and the same have been disclosed in the notes to the financial statements;
 - Instances of significant fraud of which we are aware that involves management or other employees who have a significant role in the company's internal control system;
7. We affirm that we have not denied any personnel, access to the Audit Committee of the company (in respect of matters involving alleged misconduct).

Date: 26.04.2013

PAWAN JAIN
Chief Executive Officer

AMIT JAIN
Chief Financial Officer